

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,393

Friday August 10 1984

D 8523 B

Shifting battle lines in the UK miners' war of attrition, Page 9

Australia	100	100	100	100
Belgium	100	100	100	100
Canada	100	100	100	100
France	100	100	100	100
Germany	100	100	100	100
Italy	100	100	100	100
Japan	100	100	100	100
UK	100	100	100	100
USA	100	100	100	100

NEWS SUMMARY

GENERAL

Iraqi air strike on Iranian oil site

An Iranian offshore oil-producing platform in the Gulf was attacked by Iraqi aircraft and set on fire yesterday.

Acknowledging the attack, the Iranian state newsagency said the fire was quickly extinguished and that only minor damage had been suffered.

Jordan federation

The PLO leader Mr Yassir Arafat said he had agreed in principle with King Hussein of Jordan on a federation between Jordan and a future Palestinian state.

Israeli hitch

Israeli leaders trying to form a coalition government ran into difficulties over policy on occupied Arab territory and southern Lebanon.

Writs on N-plant

Five summonses were served on British Nuclear Fuels relating to discharges of highly radioactive solvent during maintenance operations at its Sellafield plant in Cumbria, England, Page 4.

Terms condemned

The Soviet Union denounced a U.S. draft treaty banning chemical weapons, saying its terms were unacceptable and unrealistic and might cause international conflicts.

Colombian accord

Colombia's President Bernardo Benetiz is to sign a ceasefire with two rebel groups that have been waging an insurgency operation for the past 25 years, Page 3.

Beirut bombed

Three people were killed and at least 14 injured in a bomb explosion in west Beirut.

Chile demonstration

Riot police in Santiago, Chile, broke up a demonstration called by Chile's Roman Catholic patriarch "in defence of life" yesterday.

Salvador clashes

Five government soldiers and 15 leftist guerrillas were killed in scattered clashes in El Salvador.

Grenada trial

Mr Bernard Coard, Grenada's former deputy Prime Minister, and 18 other former government officials were committed for trial on charges of murdering Prime Minister Maurice Bishop and seven others in last October's coup.

Dissident released

Mr Jacek Kiron, Poland's most prominent dissident intellectual, was freed under an amnesty declared for political prisoners, Page 2.

Tu-144 grounded

The Soviet Union's Tupolev Tu-144 supersonic airliner has been permanently grounded after a troubled history in development and service, according to a senior official of Aeroflot, the state airline.

Burton buried

British actor Richard Burton was buried in a quiet ceremony in Celigny, Switzerland.

BUSINESS

Wall St soars above 1,224

WALL STREET prices responded favourably to strong demand at yesterday's U.S. Treasury bond auction and encouraging money-supply figures. The Dow Jones industrial index rose almost 28 points in heavy trading to close at 1,224.05. Section II.

DOLLAR weakened in London to DM 2.898 (DM 2.8885), FFf 8.8225 (FFf 8.815) and SwFr 2.4415 (SwFr 2.442) but improved to Y243.5 (Y243.0). On Bank of England figures, its trade-weighted index fell to 137.3 from 137.5. Page 27.

STERLING lost 40 points in London to close at \$1.3115. It also fell to DM 3.8075 (DM 3.825), FFf 11.6775 (FFf 11.7775), SwFr 3.2075 (SwFr 3.22) and Y319.0 (Y320.0). Its trade-weighted index fell to 78.6 from 78.7. Page 27.

GOLD rose \$0.25 an ounce on the London bullion market to \$345.50. It was also higher in Frankfurt at \$344.50 and in Zurich at \$345.00. In New York, the Comex August settlement was \$349.20. Page 28.

TOKYO rallied on buying of blue-chip and biotechnology stocks, taking the Nikkei Dow market average 43.24 higher to 10,290.36. Section II.

LONDON markets ignored the prospect of further base-rate cuts with an 11.9-point drop in the FT Industrial Ordinary Index to 827.1. Section II.

ISRAELI issued a 5,000-shekel note because of soaring inflation. Men and Matters, Page 8.

AUSTRIA will resist pressure from the U.S. to adopt controls over technology transfers to Warsaw Pact countries, reflecting reluctance to be drawn into potential East-West conflict.

IMF (the International Monetary Fund) has allowed Portugal to increase its 1984 public-enterprise deficit to 8.5 per cent of the gross domestic product. Page 2.

THIRD WORLD textile-producing countries called on Gatt to hold an emergency meeting to discuss growing U.S. protectionism. Page 2.

LINDB, West German engineering group, proposed a rescue plan for French four-lift truck maker Fenwick-Mannementon that would involve cutting more than 800 jobs. Page 10.

WESTLB, West Germany's largest public-sector bank, is heading for lower profits this year after a downturn in the first half caused by a lower interest margin and business volume. Page 12.

IC INDUSTRIES, the diversified U.S. group, is to pay \$500m in cash and shares for Pneumo Corporation, a company with interests ranging from aircraft components to food retailing.

SHIPPING: World stock of idle merchant shipping fell by almost 3m deadweight tonnes in June to 71.53m dwt (1,471 ships), the lowest since August 1982. Page 4.

ASAHI GLASS, Japan's largest sheet-glass manufacturer, lifted consolidated profits by 18.4 per cent to ¥12.98bn (\$53.4m) for the six months to June 30. Page 13.

ROYAL DUTCH/SHELL Group raised net income to the first half of 1984 to £1.76bn (\$2.32bn), compared with £1.13bn. Page 10.

Today's international edition is published in two sections, reflecting the seasonal reduction in pagination. Companies and Markets are combined in Section II.

Production difficulties in London may have resulted in typographical errors in unit trusts, some advertisements and elsewhere in today's edition.

DISSENT OVER TELEPHONE EXCHANGE

France looks for loopholes in pact on high-tech sales

By David Marsh in Paris

France is exploring apparent loopholes in a recent Western technology export agreement in an attempt to allow continued sales of sophisticated electronic telephone exchanges to the East bloc.

Officials in Paris said yesterday that France considered that bidding to provide electronic exchanges to Soviet bloc countries could still go ahead, in spite of last month's agreement by the 15-member Western Co-ordinating Committee (Coccom) to place an effective embargo on such sales up to 1988.

Thomson, the state-owned electronics company, appears still to be undecided whether to withdraw from bidding to supply digital telephone exchanges to Bulgaria, Poland and GEC of Britain and L.M. Ericsson of Sweden have withdrawn their bids for the deal after last month's accord.

Paris believes that the ruling by Coccom, which certifies Western trade with the East, does not prevent conclusion of orders for telephone exchanges provided delivery is not carried out until after 1988. That interpretation is contested by the Reagan Administration, which

has led efforts by Western allies to restrict sales of militarily usable technology to the East bloc.

A U.S. official said yesterday that the French interpretation appeared to contravene "the spirit if not the letter" of last month's unanimous accord by Coccom, of which France is a member. Attempts to explain the possibility of deliveries after 1988 faced the risk of revisions to the agreement extending the embargo further into the future, he said.

News of the French Government's attitude follows the clinching of an order by Standard Elektrik Lorenz, the West German subsidiary of ITT of the U.S., to supply Hungary with electronic telephone exchanges. ITT appears to hope to win clearance for the deal provided delivery takes place after 1988.

Thomson could not comment on the Bulgarian telecommunications

bidding yesterday. The French offer is believed to involve the MT 20 telephone exchange, which France in the past has offered to China and the Soviet Union.

Unlike France's main E10 electronic telephone exchange, the MT 20 system does not contain U.S.-made integrated circuits. As a result, Paris believes the equipment is less susceptible to any action by the U.S. to withhold components to back up an export ban.

France clashed with the U.S. more than a year ago over the sale of an MT 20 telephone exchange to Leningrad, which was agreed in 1979 before the present cooling in East-West relations.

Thomson is going ahead with delivery of the equipment, to spite of U.S. claims that the electronics in the system could aid the Soviet military. France is believed, however, to have made design changes to try to meet some of the U.S. objections.

Belgian machine tool will not go to Moscow

By Ivo Dawmay in Brussels

THE PROPOSED sale of a sophisticated Belgian-made machine tool to the Soviet Union was averted last night after the U.S. Government agreed to finance its acquisition by the Belgian Army.

The decision closes a long-running controversy in Belgium over whether the sale of the equipment, manufactured by Pegard, an engineering company under threat of bankruptcy, should go ahead.

The 300 employees of the company, based at Andenne, on the Meuse, have waged a passionate national campaign over the past few weeks, warning that a ban on the sale would mean widespread redundancies.

However, the U.S. has in turn repeatedly emphasised that the drilling and milling machine could be used for military purposes and should therefore be banned from sale to the Soviet Union under the terms of the Coccom pact restraining high-technology sales to Warsaw Pact countries.

The compromise deal was agreed after high-level talks in Washington between Mr Freddie Vreven, the Belgian Defence Minister, and Mr Caspar Weinberger, the U.S. Defence Secretary.

Japan may have to raise taxes - OECD

By Max Wilkinson in London

JAPAN'S scope for expanding its domestic economy is constrained by the need to reduce the Government's budget deficit, according to the Paris-based Organisation for Economic Co-operation and Development in a report out today.

It also believes the Japanese Government has little scope to take measures that would strengthen the yen.

The report, one of a series on the OECD's 24 member countries, suggests that the Japanese Government may have to raise taxes to control the deficit.

However, in spite of the Government's tight control of public spending, the OECD expects domestic demand to make an increasing contribution to Japanese economic growth this year, with industrial investment especially strong.

Economic growth is expected to accelerate this year to 4.75 per cent from 3 per cent last year, but some slowing down is expected next year to an annual growth rate of 3.75 per cent. The inflation rate is expected to remain fairly subdued, although a gradual pick-up is forecast from the average annual rate of 1.5 per cent last year to an annual rate of 3.5 per cent by the second half of 1985. The OECD expects Japan's trade

surplus to continue to forge ahead to \$41bn this year and \$47bn next year. Such a surplus on visible trade is expected to be offset by a deficit of \$11bn on invisible trade, leaving surpluses of \$30bn and \$36bn on the balance of payments current account for the two years.

The OECD estimates that in 1985 about \$16.5bn of Japan's current-account surplus will be attributable to its increase in exports since the end of 1982. Most of that was attributable to the recovery of the U.S. economy in the period.

The OECD says: "Despite a restrictive fiscal stance, the prospects for growth in 1984 are better than for a number of years. The pattern of growth is likely to be more satisfactory than in recent years, with domestic demand taking over from net exports as the main source of stimulus."

The OECD says with approval that the Japanese authorities have been flexible in applying their policy of cutting their budget deficit, and that they have followed a relatively easy monetary policy since the yen started to exhibit more strength. Nevertheless, the OECD

Continued on Page 10 Details, Page 3; Editorial comment, Page 8

ITT would want 29.9% of merged STC-ICL

By Alexander Nicoll in London

ITT, the diversified U.S. group, would wish to increase its holding in Standard Telephones and Cables, the UK telecommunications group, to 29.9 per cent if STC's proposed takeover of British computer maker ICL goes through.

That was disclosed yesterday in STC's formal offer document, dispatched to ICL shareholders even though the two companies are holding talks that might lead to an increased offer and to a recommendation from ICL's board.

ITT, which once owned all of STC, now has a 35 per cent stake. That would fall to 29 per cent if STC issued two new shares for every seven existing ICL shares, under its present offer.

ITT's holding in STC, and its con-

sequent stake in a combined UK telecommunications and computer group, has caused concern in Britain's Labour Party. ITT has three directors on STC's board and shares research and development with the UK company.

STC interpreted ITT's wish to boost its stake back to 29.9 per cent as a sign of confidence in an STC/ICL combination. "In principle, we support ITT's wish to increase its investment in the enlarged group, and discussions will be held with ITT after the offer becomes unconditional, to decide how this increase can best be achieved," Sir Kenneth Corfield, STC chairman, said.

It was understood that methods that might be considered included market purchases and the acquisition of ITT interests that would ex-

pand the new group's international base.

The offer document disclosed a technology-sharing agreement between STC and ICL. It added, however, that "ITT has confirmed to us that neither ITT nor ICL would have access to each other's technology under this agreement."

Meanwhile, contacts continued yesterday between the two companies, which have agreed to an exchange of information to assess the possible benefits of a merger.

Their expectation that STC's offer might be materially increased boosted ICL's share price yesterday by 7p to 89p but damaged STC, which lost 9p to 268p. At that price, its present offer for ICL is valued at £343m (\$450m).

Details, Page 17

City tires of Games marathon

ASK NOT how Los Angeles is coping with the Olympics. Ask how the Olympics are weathering Los Angeles.

Two weeks ago, the 1984 Games opened in a heady atmosphere of excitement and dread.

The main question asked was: how would the Olympics, already at their lowest ebb, survive exposure to a city famed for smog, violence, freeways, money, oil, power, palms, poverty, floods, earthquakes, billboards, bankruptcies, illegal aliens, Disneyland, the Queen Mary, taco bushes, car washes, and drive-in churches?

The answer is that the Olympics have again demonstrated enormous resilience. Boycotts may enrage them, and Hollywood upstage them, but they are still in one piece.

On current form, the Olympics will reopen in the summer of 1988 in Seoul, South Korea, where - to quote the Koreans - the Games "are expected to advance Korea's progress on the world stage, revealing to thousands of visitors the



Michael Thompson-Noel reports from LOS ANGELES

point," said Mr David Roper, deputy director of operations at the California Department of Transportation, this week.

There are also signs that the city-zener is tiring of the Games, and wants a return to baseball and soap opera. Yesterday, a liquor department worker in a store near the Coliseum, the main Olympic stadium, was quoted as saying that "the streets are messed up something fierce," and that "the entire Japanese team is wiping us out of Scotch."

His solution: hold the Games on a platform in the middle of the ocean - "a different ocean every time."

Despite smog, traffic, and some reservations, Los Angeles has failed to halt the Olympic bandwagon. There has been no serious security incident. Crime levels are lower because police are out in force.

Commercialism has not intruded excessively on the Games site. In

Continued on Page 10

Harrods group shareholders 'were not acting in concert'

By Ray Maughan in London

NO EVIDENCE points to "concert parties" operating in the affairs of House of Fraser, the UK stores group that includes Harrods, an inspector appointed by the British Department of Trade and Industry reported yesterday.

Mr John Griffiths, the former Attorney General of Hong Kong, was asked in August last year, after a request by House of Fraser, to inquire into the membership of the company on the ground that certain shareholders had acquired their holdings recently to act in concert with Lonrho, the trading and publishing group, which has a 29.99 per cent stake in House of Fraser.

The original inquiry was extended in December after allegations by Lonrho about the existence of a concert party comprising a number of institutions and people associated with House of Fraser and opposed to Lonrho.

The provision of Britain's Companies Act, 1981, describes those acting in concert as those who "pursuant to an agreement or understanding (whether formal or in-

formal) actively co-operate, through the acquisition by any of them of shares in a company, to obtain or consolidate control of the company." Non-disclosure of a concert party is an offence under the Act.

The Department of Trade and Industry disclosed yesterday that "since the inspector has found no evidence of concert parties, the question of prosecution does not arise."

The findings, published yesterday, are described as an interim report because Mr Griffiths was not able to reach any final conclusions about the ownership of 2.1m House of Fraser shares acquired in September and October 1982 on behalf of Richard Daus, a German bank.

The inspector, seeking to establish that Daei, the Japanese department stores group, owned the shares, said that he was "troubled by the obsessive secrecy of Daei in this matter." House of Fraser has since been granted restrictions over the shareholding by the Scottish courts "pending satisfactory replies

by Daus to the inquiries made of them," the inspector added.

The inspector had not been asked by Mr Norman Tebbit, Secretary of State for Trade and Industry, to make further inquiries about the shares, as the cost and effort would not be justified.

The next formal encounter between the stores group, headed by Prof Roland Smith, and Lonrho takes place on September 28, by which time another Monopolies Commission inquiry into the relationships between the two companies will be under way. The first commission inquiry was completed in December 1981 and, acting on its findings, the Secretary of State blocked a £226m (£296m) bid by Lonrho for House of Fraser.

The latest Monopolies investigation was prompted by the decision by Lonrho in May this year to seek the election of six of its directors to the House of Fraser board and the

Continued on Page 10 Details, Page 4; Lex, Page 10

Midland Bank Interest Rates

- Base Rate**
Reduces by 1/2% to 11 1/2% per annum with effect from 9th August 1984.
- Deposit Accounts**
Interest paid on 7 day deposit accounts reduces by 1/4% to 8 1/2% p.a. with effect from 9th August 1984.
- Monthly Income Deposit Account Service (MIDAS)**
Interest paid will be reduced from 10 3/4% to 10 1/2% p.a. with effect from 7th September 1984.
- Save and Borrow Accounts**
Interest paid on credit balances reduces to the above Deposit Account rate and interest charged on overdrawn balances remains at 19 1/2% p.a. with effect from 7th September 1984. APR 20.9%.



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EUROPEAN NEWS

Belgium forecasts growth rate rise

THE BELGIAN economy is expected to show an inflation-adjusted growth rate of 1.6 per cent this year and in 1985, taking into account government austerity measures aimed at curbing domestic demand, the Ministry for Economic Affairs has said.

OPTIMISM OVER UNION PLURALISM IN POLAND

Solidarity adviser hints at dialogue

BY LESLIE COLLITT IN WARSAW

ONE OF Poland's most influential opposition leaders has signalled the readiness of his movement to work within the Government's new trade union law and to expand the number of unions through legal means.

Mr Jacek Kuron, Poland's most prominent opposition intellectual, was freed from Warsaw's main prison yesterday and promptly criticised the amnesty that freed him, charging it denied him a chance to prove his innocence. Reuter reports from Warsaw.

Mr Karon, 59, leader of the discredited Workers' Rights Party, the Committee for Social Self-Defence, known as Kur — called the amnesty "a continuation of all those acts of lawlessness" against him and the three other Kur leaders with whom he was jailed.

"How was the anniversary of People's Poland celebrated in 1984? By a large amnesty. How will it be celebrated 10 years from now? By a very large amnesty."

Senator cancels trip to Greece

A U.S. SENATOR has cancelled a planned trip to Greece after Premier Andreas Papandreu's Government expressed concern over the senator's interest in alleged human rights violations in Albania, sources of the Panepirot Federation said yesterday.

Mushrooms are a Portuguese diamond man's best friend

BY DIANA SMITH IN LISBON

WHAT IS the link between Angolan diamonds and agrarian bisporus? No, agrarian bisporus is not an exotic jewel but an edible mushroom whose pet habitat is fermented horse manure laced with straw.

Lisbon can boost public-enterprise deficit

BY DIANA SMITH IN LISBON

THE PORTUGUESE Government has been allowed by the International Monetary Fund (IMF) to increase its 1984 deficit on state-owned enterprises to 84 per cent of Gross Domestic Product.

The Government's revised letter of intent, arduously negotiated with an IMF scheme from February to June, has now been published after ratification last week by the IMF Board.

Ruthlessly contained internal demand, combined with an upsurge in exports, permitted reduction of the current account deficit from \$3.2bn (£2.4bn) — 13.2 per cent of GDP — in 1982 to \$1.7bn — 8 per cent of GDP — in 1983.

The Government's letter of intent also stresses its resolve to bring down inflation to about 23 per cent by the end of this year.

Paris ponders extradition of Basque fugitives

BY TOM BURNS IN MADRID

A DECISION by a French court yesterday to permit extradition to Spain of four Basque separatists — members of Eta — wanted by Spanish police in connection with terrorist activities, will put to the test the Paris Government's co-operation with Madrid against the separatists.

French Government. In the past, Paris has blocked the return of wanted Eta men to Spain even after court rulings recommending extradition.

by M Pierre Joxe, the new French Interior Minister, who visited Madrid for talks with Sr Jose Barrionuevo, his Spanish counterpart.

They were the first to face extradition proceedings among a number of Eta members arrested last month by French police.

WORLD TRADE NEWS

Third World textile exporters seek Gatt talks on U.S. curbs

BY ANTHONY MORETON, TEXTILES CORRESPONDENT

THE THIRD World's textile producing countries yesterday called on the General Agreement on Tariffs and Trade (GATT) to hold an emergency meeting to discuss growing protectionism in the U.S.

They want a meeting of Gatt's textile committee in Geneva before the U.S. introduces tighter curbs on imports of textiles and clothes on September 7.

Bids sought for advanced Singapore viewdata

By Chris Sherwell in Singapore

AN INNOVATIVE viewdata scheme conceived by Telecom Singapore telecommunications authority, has stimulated a battle for lucrative potential contracts among British, French and U.S. companies.

Malawi hit by events beyond its control

BY JULIAN BURGESS

LANDLOCKED MALAWI is being seriously affected by disruptions to its trade links through Mozambique, where the ports of Beira and Nacala are Malawi's only rail links to the sea. Hope that the Nkomati accord signed between South Africa and Mozambique in March would bring an early dismantling to MNR guerrilla activity and an easing of Malawi's transport problems were dashed by further attacks on road convoys from Zimbabwe going through Mozambique's Tete province in April and attacks on the hitherto safe railway line to Nacala.

The complete closure of the Beira line to Malawi traffic in October last year because of MNR attacks and bottlenecks on the Nacala line and harbours means that most of Malawi's traffic now has to go by road, at much greater cost. This involves shipping through Zambia and either Botswana or Zimbabwe to South Africa (Malawi's main source of imports) and to the South African port of Durban.

Delays continue to push up the price of imports. Fertiliser is a particular problem; at 132,379 tonnes last year it was the biggest single item traded. It is mostly raised from Nacala, but supplies have been both too little and too late for three successive growing seasons, a serious matter for an economy completely dependent on agriculture.

Petrol and diesel are now imported by road from Zambia and South Africa respectively. The extra cost makes pump prices in Malawi among the highest in the world.

Nacala has been made a top priority by both the Mozambique Government and the Southern African Development Co-ordinating Conference. European aid is being sought to finance the \$200m restoration programme which is intended for completion by 1986. A similar exercise is being carried out for the port of Nacala.

UK signs first Iraqi loan under £250m credit deal

BY OUR TRADE EDITOR

THE FIRST British export loans to Iraq arising from a government agreement last October have now been signed. Britain will then guarantee loans of £250m if Iraq bought British capital goods and equipment. Yesterday the first £85m of that credit, in the form of a general purpose line, was announced.

A second loan, of £25m, for the purchase of British pharmaceuticals has also been made, bringing the total credit deployed so far to £100m.

Accord near on shipping discounts for N. Atlantic

BY DAVID LAWSON

FURIOUS NEGOTIATIONS are going on between shippers and ship owners which could see a round of new discounts on freight rates across the North Atlantic.

The North Atlantic West-bound Freight Association denies this, saying that the new agreements are a way of stabilising rather than cutting rates. The association represents most of the big shipping lines which will be in competition with Evergreen.

China, Australia set to sign steel agreement

By Colina MacDougall

CHINA AND Australia are expected to sign a steel co-operation agreement following the arrival of Lin Hua, Peking's vice minister of metallurgy, yesterday. Canberra reports say he arrived yesterday for a two week stay.

UK, Norway wrangle over Sleipner gas condensates

BY JAMES BALL AND HILFRA TANDY

LURKING IN the shadows of the giant UK purchase of Norway's Sleipner gas, is a separate drama involving the field's "condensates." The condensates, or natural gas liquids (NGL's) are produced along with the gas, and at peak rates of production will flow at 150,000 barrels per day. Their fate is outside the negotiations between the British Gas Corporation and Norway's Statoil, but the two issues are related, because NGL production is tied to the level of gasflow.

Saudi farm plant imports

SAUDI ARABIA, scene of a huge and expensive farming boom since the 1970s, is now among the world's top five importers of agricultural machinery, according to a soon-to-be-published report. Andrew Gowers reports.

Soviet supersonic airliner grounded

THE Soviet Union's Tupolev 144 supersonic airliner, one of the most expensive failures in aviation history, has been grounded for good, a senior official of the State airline Aeroflot said yesterday. Reuter reports from Moscow.

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OVERSEAS NEWS

UK and France join U.S. to clear Red Sea mines

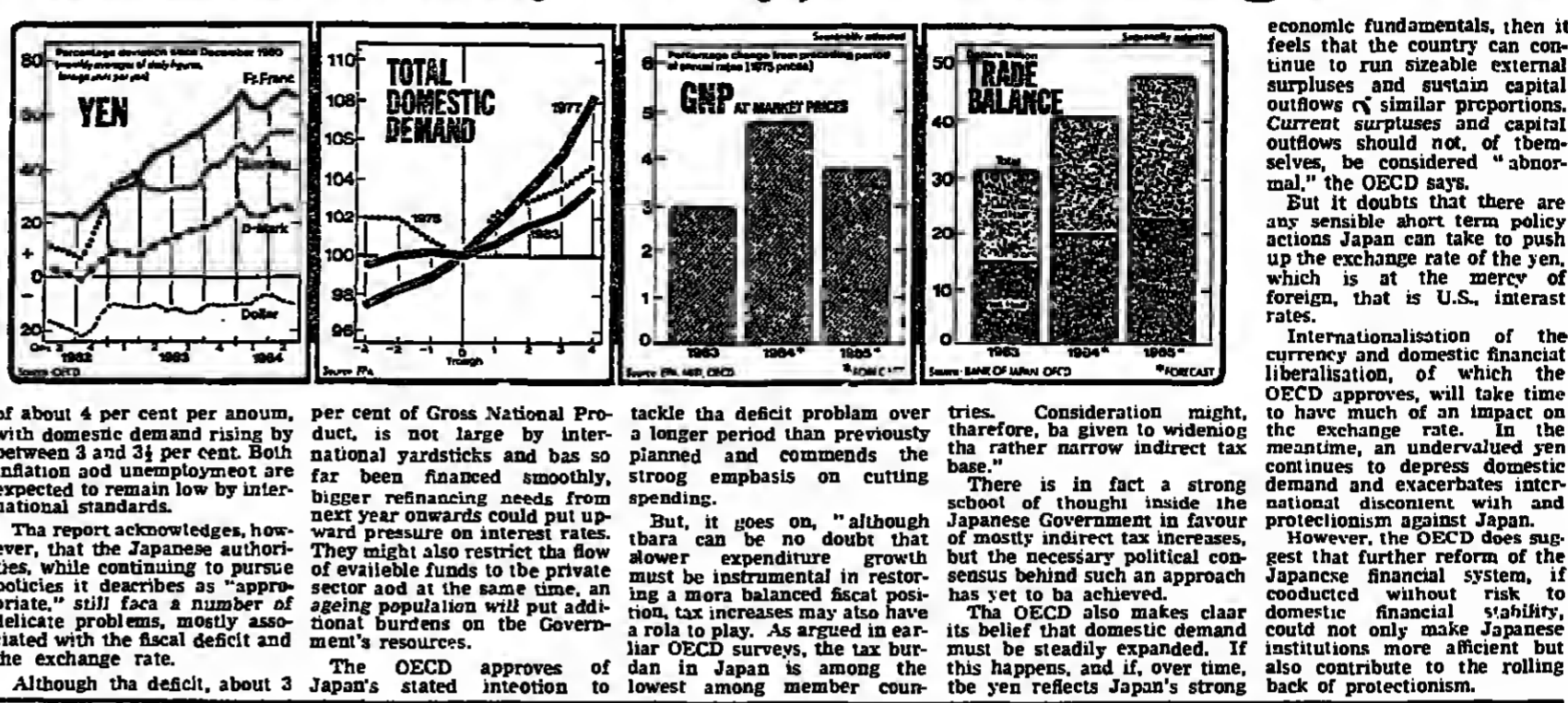
THE UK and France yesterday joined with the U.S. in an international effort to clear the Gulf of Suez and the Red Sea of the mines laid there last month. Their decision was announced as it became apparent that more vessels have encountered mines over the past two weeks than earlier thought.

Iranian oil platform hit by Iraqi aircraft

IRA acknowledged yesterday that one of its off-shore oil producing platforms in the Gulf had been attacked by Iraqi aircraft and set on fire but said that the blaze had been quickly extinguished. It appeared that this was the substance behind an earlier Iraqi claim that its air force struck a "big naval target" near Kharg Island, Iran's main export terminal, and scored a "big and effective hit."

Jurek Martin, Far East Editor in Tokyo analyses the OECD's annual report on Japan Economic outlook mainly sunny, but with slight cloud

JAPAN needs to increase taxation, direct and indirect, as part of an overall strategy to reduce the size of its public sector deficit. But there is little it can realistically or prudently do in the short term to enhance the value of the yen, which still does not reflect the strength of the national economy.



Both the rate and composition of economic growth over the next 18 months are likely to be more satisfactory than for some years, in the OECD's view. It expects domestic demand, for some time sluggish, to take over from exports as the main engine for expansion and it foresees a significant surge in the level of capital investment, especially that brought on by technological innovation.

70 Tamils killed in Sri Lanka

About 70 Tamil separatists were killed in clashes with security forces in the past two days, officials told AP in Colombo yesterday. In other developments, insurgents raided two banks in the Tamil-dominated north-eastern peninsula of the country, escaping with money and guns, and President Junius Jayewardene defended new restrictions on civil liberties to prevent the nation from descending into "chaos, bloodshed and anarchy."

RADICAL BANKING REFORM IN PAKISTAN Zia's citadel of Islam

PAKISTAN'S gradual moves under President Zia-ul-Haq towards an Islamic society will be accelerated early next year when the country moves over to a comprehensive system of Islamic banking. All Pakistan's 22 nationalised and foreign-owned banks and 14 other financial institutions will progressively abandon the payment of interest on all new transactions apart from international business in stages between January 1 and July 1.



General Zia-ul-Haq

South Africa acts to protect Cahora dam

SOUTH AFRICA'S Department of Foreign Affairs yesterday confirmed that part of the logistical support promised to Mozambique to help protect power lines from the Cahora Bassa hydro-electric dam to the Republic has now been provided. The commitment was made as part of the non-aggression pact signed by the two countries earlier this year. The lines from the project have frequently been sabotaged by rebels of the Mozambique National Resistance (MNR), and supplies have been cut since 1981.

Wildcat strikes shut VW

VOLKSWAGEN, South Africa's third largest motor manufacturer, closed its Uitenhage factory yesterday following a month of wildcat work stoppages. The dispute which led to management's decision to cease production concerned union demands for the reinstatement of a palm shop employee who had been suspended while an alleged assault case was being investigated. Negotiations are being held with the National Automobile and Allied Workers' Union aimed at ending the wildcat stoppages. Volkswagen management does not expect the factory to re-open until next week at the earliest.

More HK talks

China and Britain yesterday ended their 20th round of talks on Hong Kong's future with the resumption of talks on the subject of a "useful and constructive" reports AP from Peking. The statement did not elaborate, except to say that the next round would take place on August 21 and 22. Meanwhile, China's invitation for the Queen to visit Peking went unreported in the Chinese press.

Beirut bomb blast

Three people were killed and about 20 injured yesterday when a bomb planted in a rubbish bin exploded in a working-class area of mainly Moslem western Beirut, according to Reuters quoting the state-run radio. No group claimed responsibility for the blast.

AMERICAN NEWS

Worried insurers pin hopes on shuttle launch

INSURANCE companies and satellite owners are awaiting with trepidation the postponed launch later this month of Discovery, the third of the U.S.'s space shuttle fleet. Discovery should have lifted off in June, but the National Aeronautics and Space Administration, which runs the shuttle fleet, had to change the launch date due to technical problems with the vehicle's engines. The craft is intended to send into the heavens on behalf of U.S. companies three communications satellites, the biggest commercial payload in the history of space flight.

Regan spells out stand on taxation

By Reginald Dale, U.S. Editor, in Washington. MR DONALD REGAN, U.S. Treasury Secretary, yesterday gave his most categorical assurance yet that the Reagan administration has no plans for tax increases in the years ahead. In a television interview, Mr Regan appeared irked by reports—after his Congressional testimony on Wednesday—that he had not ruled out a tax increase in the fiscal year 1986, which begins on October 1, next year, or in subsequent years.

Texas bank named for 'winddressing'

BY WILLIAM HALL IN NEW YORK. TEXAS Commerce Bank, one of the fastest growing and most profitable banks in the U.S. and two other Houston banks are among the half dozen censured by bank regulators for "winddressing" their balance sheets to improve their financial appearance. In a state where everything is reckoned to be a little larger than life, it appears that Texas banks have been temporarily inflating their balance sheets to appear bigger than their actual size.

Hopes that Colombian ceasefire will end insurgency

BY DAVID GARDNER. COLOMBIA'S 25-year-old guerrilla insurgency is due to end virtually on Sunday, when a ceasefire is signed between President Betancur's Government and the two most important rebel groups still operating. The truce, it is hoped, will end one of the longest cycles of violence in South America. It began with the 1949-55 civil war between Liberals and Conservatives which killed an estimated 250,000 people. It gave way to guerrilla war after the two traditional par-

Venezuela debt moves

BY MARGARET HUGHES. VENEZUELA'S creditor banks have submitted counter proposals for the rescheduling of the country's public sector debt. While not rejecting out of hand the principle of fixed annual payments proposed by the Venezuelan Government, the bank's suggested that rescheduling should take place over a shorter period, that the amount of the country's public sector debt should be higher than proposed by Venezuela. Venezuela wants \$22bn, all of its public sector debt maturing up until 1985, to be rescheduled under a fixed debt servicing arrangement. The banks want this restricted to some \$15bn. In addition, they want a re-scheduling term of nine to 10 years with a grace period of one to two years compared with Venezuela's proposal of 15 years with a one-year grace.

UK NEWS

Harland and Wolff wins revolutionary ship order

BY IAN HARGREAVES

BRITISH PETROLEUM yesterday named Harland and Wolff, the Belfast shipbuilder, as victor in a 17-shipyard contest to build its revolutionary £75m oil production ship.

BP said it would cost £110m to develop the block using Swops. The tanker is thought to represent about £75m of this.

Harland and Wolff, which devised the joint venture concept, said the order would safeguard most of the company's 5,500 jobs for two years, although the company still needed another steelwork intensive ship, such as a bulk carrier, to keep full employment for its steelworking trades in the short term.

Belfast yard's fortunes revive

BY OUR BELFAST CORRESPONDENT

BRITISH PETROLEUM'S choice of Harland and Wolff as the builder of its completed oil production ship proves a point frequently made by Mr Parker.

way to the shipyard, but he says the will rise to that challenge. It must do so because the order is on the frontiers of new technology and Harland and Wolff must continually strengthen its reputation as a company able to handle innovative work.

direction with overheads cut and borders coming in. The order book now stands at a healthy £200m.

Nuclear plant summonses issued

BY DAVID FISHLICK, SCIENCE EDITOR

FIVE SUMMONSES under two atomic energy acts were served on British Nuclear Fuels (BNFL), the state-owned nuclear fuel company, at its Risley headquarters in Cheshire yesterday.

R.S. Hubbard of the Cumbria Constabulary who had headed investigations of events that led to the appearance of radioactive fission on Cumbrian beaches last November.

the BNFL reprocessing plant at Sellafield. In that he had "neither the skill or a hypnotist or the powers of Torquemada," Mr Griffiths was also forced to rely on Mr Rowland, his chief witness, "whose wishes," the inspector found with exasperation, "often father his memory."

THE INTERIM REPORT ON THE HOUSE OF FRASER INVESTIGATION

How the silk searched for a concert party till his money ran out

BY RAY MAUGHAN

JOHN GRIFFITHS, QC, interviewed a cast list which would impress even Cecil B. de Mille when investigating allegations of a concert party in House of Fraser shares.



Mr R. W. "Tiny" Rowland

- Psychologist and consummate wheeler-dealer
The story of the proud mother, watching her son's platoon march past and saying, 'everyone is out of step with my boy,' is in point.
His wishes often father his memory

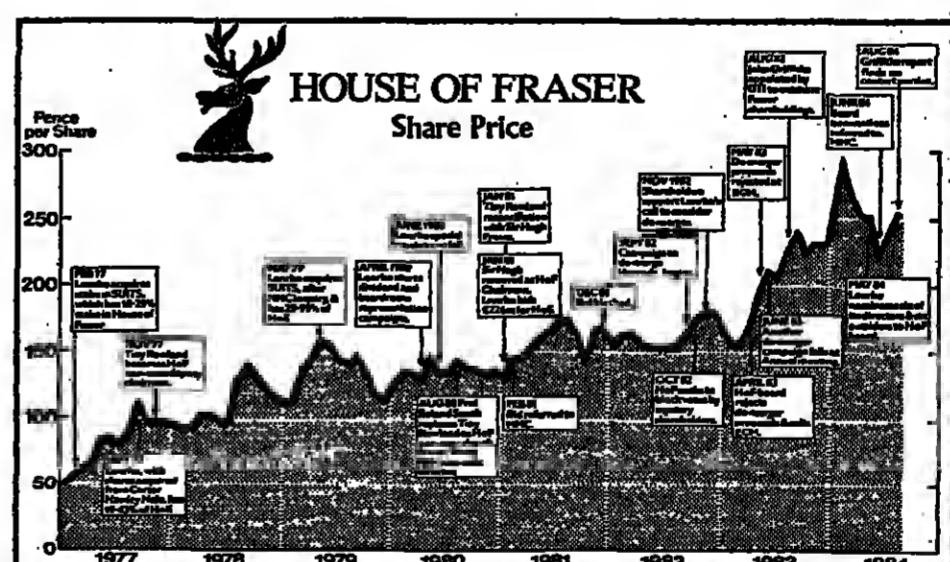
Mr Norman Tebbit, the secretary for Trade and Industry, might strengthen the provisions of the Companies Acts. It could be that, with enhanced powers, Department inspectors would be able to confiscate shares controlled by recalcitrant overseas shareholders.

manipulative skill attempted to turn the tables half-way through the course of the inquiry, by alleging that House of Fraser and its own advisers had attempted to exert undue control over shareholdings in the department stores group.

because of an obsession with the jig-saw. In that he had "neither the skill or a hypnotist or the powers of Torquemada," Mr Griffiths was also forced to rely on Mr Rowland, his chief witness, "whose wishes," the inspector found with exasperation, "often father his memory."

sufficiently to have persuaded Mr Tehbit to free Lornho from its earlier undertaking not to bid again for the stores group or to lift its stake beyond 29.99 per cent.

The inspector decided that Lornho lacked sufficient motive - not because desire was wanting but because Mr Rowland was already confident of success. Lornho hardly needed such machinations.



powerful position in the takeover battle everyone expected if Harrod's was demerged. "Why then," the QC asked himself, "create a concert party when all that was required was to persuade rich people in the investment game, rather than in business, to buy shares because gold for them lay at the end of the demerger rainbow?"

director of N. M. Rothschild, the idea somehow got about that Lord Soames should be brought in to chair House of Fraser. The deposed Professor Roland Smith, one-time chairman of House of Fraser, would be found a knight, somehow or another, and the chairmanship of a middle-rank nationalised industry as a sop.

caused to consider taking a 5 per cent holding in House of Fraser, gave the inspector much food for thought. Mr Griffiths finally decided that "at no time was a voting or other unlawful agreement made or overtly suggested."

at some length. Other parts, like an iceberg, have barely surfaced.

At various meetings between Lornho and Mr Michael Richardson, formerly of Cazenove and latterly a joint managing

director of N. M. Rothschild, the idea somehow got about that Lord Soames should be brought in to chair House of Fraser.

Thereafter, a group of individuals (possibly interconnected) share transactions took place. The inspector finally decided that they could have been explained by the wish of

TRADE UNION OFFICIALS WARN OF DIFFICULT WAGE NEGOTIATIONS

Civil Service faces 3% pay limit

A 3 PER CENT limit to the rise in the Civil Service pay bill next year is expected to be agreed by the Cabinet soon after the summer recess.

for the 1m National Health Service workers. The bill for 2.25m local authority workers is not directly affected by the Civil Service pay factor.

present 5 per cent to 4 1/2 per cent by the end of the year, but the rise in mortgage interest rates to 12 1/2 per cent last month has made this seem unlikely.

allowed in the pay factor has been financed by savings including manpower reductions. Most of the excess payment to nurses is to be financed out of the Government's contingency reserve.

Fewer ships laid up

BY DAVID LAWSON

THE WORLD stock of idle merchant ships shrank almost 3m deadweight tons in June, reaching its lowest level since August 1982.

Financial support flows in for mineworkers opposed to strike

BY SUE CAMERON AND JOHN LLOYD

SUPPORT for the fund set up to help miners who want a ballot on the five-month-old coal strike swelled yesterday with contributions from all sections of society.

against the National Union of Mineworkers (NUM). Writs issued on behalf of the two mineworkers call for among other things a ballot in the UK coalfield on whether the strike should continue.

annual meeting next month - by offering financial aid to the union on certain conditions. Miners' leaders are likely to consider the strategy of a one-day general strike, agreed at the Congress, when they meet for a special one-day conference in Sheffield today.

'Purge' on Jaguar applicants

BY ALISON HOGAN

BL, the state-owned car maker, has thrown out a large number of multiple applications for shares in Jaguar, the luxury car manufacturer.

A large number of multiple applications got through the initial screening of applications in last week's offer for sale, which was oversubscribed eight times. They were successful in the ballot for small amounts of up to 1,000 shares.

the cashed cheques, which amount to some £2.4bn. Hill Samuel has warned that no one should try and sell shares before they have received their letter of acceptance which should be in this morning's post.

BL decided to check the allotments on Wednesday evening, before posting the letters of acceptance yesterday morning. There were far too many applications recurring with the same address so BL decided, on a further purge, said Mr Robert Dutton of Hill Samuel, advisers to Jaguar.

THE INTERIM REPORT ON THE HOUSE OF FRASER INVESTIGATION

How the silk searched for a concert party till his money ran out

Continuation of the House of Fraser investigation report, including the share price graph and detailed text analysis of the case.

Oftel sets out task as BT watchdog

By Gary de Jonghues THE OFFICE of Telecommunications (Oftel), the newly created industry regulatory body, intends to give a high priority to ensuring the effectiveness of rules intended to prevent British Telecom (BT) from engaging in anti-competitive business practices.

Professor Bryan Carsberg, director-general of Oftel, which began operating this week, said he was already focusing closely on the safeguards intended to prohibit BT from subsidising commercial activities out of its public network revenues.

The separate accounting requirement does not, however, take effect until April 1987, to give BT time to get its internal accounts in order. Prof Carsberg, a qualified accountant, called this date a "backstop" and said he expected BT to make fuller financial information available well before then.

Oftel was also looking at the licence provisions which entitled BT to acquire or dispose of the rights to intellectual property contained in equipment and services procured from its suppliers, subject to the approval of Oftel's directors in general.

Prof Carsberg wanted to see whether he could give clearer guidelines of how he would interpret these rules, which were "difficult." The provisions have proved controversial with equipment manufacturers, which wanted tighter restrictions on BT's powers.

Prof Carsberg made clear Oftel intends to take initiatives on its own, without waiting to receive complaints. It would encourage dissatisfied customers to settle disputes directly with BT but would step in when necessary.

It was important that Oftel should demonstrate its independence from political interference. It would not hesitate to take action against BT before the planned share flotation next autumn if it found that the organisation was behaving improperly.

Oftel has the power to direct BT and its competitors to amend their practices and can also modify their operating licences if necessary. It will also advise the government on the issuing of future telecommunications operating licences.

Vertical advertisements on the right margin, including 'British Victoria', 'OF LEVEL S CIT LOND', 'Pro', 'MAJOR ANCE DEVELO', 'SOL WEST', 'DR SALE 7000', 'INGLINTO REDEV', 'PRIME IN', 'AT SUN', 'Bowle'.

THE PROPERTY MARKET BY MICHAEL CASSELL

British Airways sells 'Lunacy' at the Lion & Lamb Victoria terminal

THE FORMER British Airways terminal in Victoria—one of London's best-known landmarks—has been sold to the National Audit Office...

'Lunacy' at the Lion & Lamb

AFTER AN extraordinary, four-year planning battle which is likely to have cost something approaching £1m, Arundell House Securities has finally won approval for a shops and office scheme at Farnham in Surrey...

Midland buys in Washington

MIDLAND BANK Pension Trust has paid about \$11m (£2.3m) for a 72,000 sq ft office building in the heart of Washington DC's "golden triangle" office area...

Spending spree for U.S. syndicators

SYNDICATED real estate investment in the United States continues to break all records, despite the less attractive climate for tax shelter-motivated deals...

OFFICE DEVELOPMENT SITE CITY OF LONDON EC3. With Outline Planning Consent for 19,000 square feet of Offices at Crosswall, adjoining Fenchurch Street Station. Long Leasehold available by Tender.

Strathclyde Passenger Transport Executive FOR SALE GLASGOW Former Bus Garages. 1. Langside, Holmlea Road 1.93 acres. 2. Brox, Helen Street 7.38 acres. 3. Maryhill, Maryhill Road 2.65 acres.

CENTROS HOUSE Tabernacle Street London EC2. A new self-contained air-conditioned office building overlooking landscaped gardens. 14,340 sq.ft. TO BE LET.

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MAJOR FREEHOLD TOWN CENTRE OFFICE DEVELOPMENT SITE. SOLIHULL WEST MIDLANDS. FOR SALE BY TENDER. 70,000 sq. ft. GROSS. Grimley & son.

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95% of all commercial/industrial property and land available in Bristol and Avon is on the end of this line.

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BRIDLINGTON TOWN CENTRE REDEVELOPMENT. Developers wishing to be included in a Selected Tender List for a town centre redevelopment scheme of 5,800 sq. m. in the busy seaside resort of Bridlington should write to James Scargill, Borough Secretary (Ref. FT), East Yorkshire Borough Council, Town Hall, Bridlington, or should telephone (0262) 79151, extension 205, by 24th August, 1984.

HASTINGS. Low density Office/Industrial sites, suitable for developments from 5,000-150,000 sq ft in Hastings. For details of these and other sites available in Hastings contact: Hastings Borough Council or Bernard Thorpe.

MAYFAIR Immaculate Office Building TO LET. APPROX. 4,000 SQ. FT. LIFT C/H CARPETS ETC. All enquiries: BAKER LORENZ Tel: 01-409 2121.

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FOR SALE BY TENDER 2 1/2 ACRE PRIME INDUSTRIAL SITE CLOSE TO JUNCTION 1 OF THE M3 AT SUNBURY CROSS. Harvey & Bowles SUNBURY 07871.

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BRISTOL 291620. COMMERCIAL AND INDUSTRIAL PROPERTY ADVERTISING APPEARS EVERY FRIDAY. The rate is £33.00 per single column centimetre.

Country-Estate Southern Germany. 20 km west of Munich. 3 living and 6 bedrooms with 5,400 sq. ft. indoor and outdoor pool, adjacent buildings for caretaker and gardener on 3 ha garden and park. Price: DM 4,500,000. Contact: Nordring-Immobilien Valdenstr. 89, 8 Munich 60 West Germany.

MANAGEMENT

THE FORTUNES of George Davies are inextricably bound with those of the Next chain of shops. Both are very much on the up and up.

In three years Davies has revitalised J. Hepworth and Sons, the flagging menswear retailer, becoming joint group managing director and making Next a UK retailing phenomenon.

In an age of cut-throat High Street competition much characterised by talk of segmentation and positioning, Next has become the classic model of tight market targeting and merchandising. The task now for Davies is to maintain the success.

His manifest retailing flair is now taking the Hepworth organisation further into the menswear market. Yesterday, the first wave of five new Next shops for men opened around the country and will be followed by the official opening of a further seven on August 16. By mid-October, 52 will be open.

"We are after the male partner of the Next woman," says Davies. "Every Next woman has a Next man—either a husband or a son."

His hopes are based on the performance of two converted Hepworth stores—in Romford and Reading—which now have a Next for women occupying half the original Hepworth space. Turnover has nearly trebled from £8,000 a week for each Hepworth store to £23,000 for each combined Hepworth/Next outlet.

"The route we are taking is a clear one," he says. "The twin stores have proved that the Next concept pulled men in to Hepworths."

Much depends upon this route for Hepworth. A £3m revamp of the Hepworth menswear stores 18 months ago and a move into selling more casual clothes has not had marked success. Davies, who was preoccupied with Next at the time, is confident that Davies' success. "They have basically done OK but the return is far from satisfactory. What was done was done and the shops are clean and comfortable, but you have to attack menswear on a broad front, particularly the image factor."

Hepworth's figures are not broken down but the contribution of Next to this year's expected profit of £12.5m will be substantial, according to Davies, possibly as high as 70 per cent.

But as the rate of growth in profits inevitably begins to flatten—there are already 157 Next shops, close to the maximum envisaged by Davies—then the competition moves smartly into the same market, a great



The shop interiors have been designed to reflect "solid masculine values"

Hepworth's hunt for the elusive male

Alan Brew on the UK retailer's bid to repeat its success with Next

deal will depend on what happens next. Burton, for example, is soon to open a directly competitive menswear store called Principals.

The "broad front" on which Davies is attacking menswear has four elements: the site, the product range, the atmosphere of the shop, and the quality of the service.

More than 40 of these new shops will be within existing Hepworth stores, and the new sites have been chosen with care.

The clothes have been chosen to fill the same gap in the market Davies identified for women—good quality, classic styles in a co-ordinated range at the right price. There is a strong emphasis on suits which will cost up to £120.

Sales staff will wear clothes selected to reflect "solid masculine values" designed to make a 42-year-old man feel comfortable buying a suit while his 18-year-old son tries the leather bomber jackets.

The sketch shows the interior of the shop which has been designed to reflect "solid masculine values" with marble facing.

There is a lot of wood. The floor is wood block and the fittings are in American cherry with marble facing.

dominating impression is that of uncluttered space.

The shops will be called simply Next—the same as those for women, but there is a small letter in enclosed in a circle at the end of the word.

The lettering is in cream on dark grey.

Confidence in Next's potential is not universal. The Next man may prove to be a more elusive creature than the woman. He tends to put a lower priority on clothes, and shops impulsively.

"Men are inflexible when it comes to clothes," says one retail analyst. "They have fixed ideas and are fussy about the tiniest detail."

The success of the shops for men could well be delivered in the main by the Next women.

A significantly high proportion of men's clothes is bought by them. One estimate puts it as high as 70 per cent.

Early next year Davies will assume complete control of Hepworth as group managing director on the retirement of Jeff Rowley. The retailing boards of Hepworth and Next have already been merged by Davies and based in Leicester under his direction.

The Hepworth operation is being scaled down. About 60 of the 288 stores have been sold and others are being converted to accommodate the new Next

for men shops. Further expansion will be through Next for men and women developments—another 10 are planned for existing Hepworth sites.

In October two Next mini-department stores will be opened in Edinburgh and Bristol. They will contain a Next women's shop, a Next men's shop, a new range of specially designed Next shoes and a Next cafe. If they succeed they could spread to every major UK city.

A tentative foray into West Germany—where there are four menswear shops—has been put on ice, although Next is sponsoring Paul Schockemuller, the German Olympic horseman. Lack of suitable sites and Davies' preoccupation with other projects means that expansion abroad will have to wait at least until a suitable chain with the right sites is found to be taken over.

Whether Hepworth survives as a retailing name remains to be seen, but Paul Deacon of Capel Cure Myers thinks it is a distinct possibility that it will disappear.

"The move is clearly towards the department store approach. As Next for men establishes credibility it will grow and add to its product range. But it will have to be carefully managed otherwise it will become straggling and lose its identity."

A double-quick creation

IN 1981 George Davies and Hepworth were each contemplating uncertain futures. Davies had resigned from J. Hepworth and Sons in late 1980 over by Amber Day, the clothing retailer and manufacturer; Hepworth was a dowdy-looking menswear chain with languishing profits.

For many years Hepworth had relied for survival upon its non-retailing activities with most of the help coming from its property divisions and cinch 24, the lucrative credit operation owned jointly with Forward Trust, the finance house. Profits had fallen from a 1978-79 peak of £6.6m to £2.9m in 1982.

It was County Bank which brought Davies and Hepworth together.

As merchandise director of Rosgill's Pippa Dee operation, the fashion house which sells clothes at home "parties" with housewives earning commission over morning coffee, Davies had vigorously fought the unwelcome bid from Amber Day with the help of County Bank.

At around the same time another County Bank director, W. and E. Turner, the shoe chain, was the subject of a bid by Hepworth. The deal went through smoothly and Trevor Morgan of Turner joined the Hepworth board.

E. approached County Bank for a name to revitalise the Hepworth product line.

Davies, meanwhile, had impressed County Bank with his resilience and his retailing ability.

"His flair in choosing the right product lines was the secret of Pippa Dee's success," says John Morgan of County Bank.

Davies was invited to write a brief for another Hepworth acquisition, the Kendall chain of womenswear shops. He visited 20 sites in as many cities and emerged with a plan for Next.

A 42-year-old Liverpudlian with an amiable directness, Davies does not lack confidence in his own judgment.

"I was prepared to go to the limit for this. I am a bullheaded man won't compromise." The plan was accepted in its entirety.

In June 1981 he joined the Hepworth board as ladieswear merchandise director. He was to develop and launch the Next concept with a team of four he had



George Davies: bullheaded

brought from Pippa Dee. Eight months later the first Next shops were opened.

Davies based his strategy on the slogan "buy what you need" and spotted between basic Marks and Spencer and up-market Jaeger. He put together a range of co-ordinated classic clothes pitched at the right price and with the right aspirational image.

"It was basically a version of what we did with Pippa Dee," says Davies—carefully planned exercise in marketing and merchandising stemming from his intuition and experience. He is highly selective about advertising and has little use for market research.

"I know the business I am in," he says. "I have had so much success in this funny way of selling."

His sunny way of selling was developed with Littlewoods, the Liverpool-based store and mail order group, which he joined at the age of 21 and spent nine years learning the exacting discipline of tight seasonal marketing.

The Next shops emerged exactly as Davies had first envisaged them. His sharply focused concept encompassed the clothes and the shops. He had a strong feel for the interiors long before Conran Associates added the detail and wrapped them up in grey and burgundy.

The name of Conran has been linked with Next to a lesser or greater degree since the beginning. Sir Terence was chairman and a non-executive director of J. Hepworth at the time Hepworth was approached to create Next.

There is no doubt that the Next strategy could have come straight out of the Conran retailing textbook, and its author acknowledges Conran's influence. "I was highly influential in the design of the shops," says Davies.



SERVICE IS the buzzword of business travel these days with everyone boasting of the ability to offer more, quicker, and over a wider geographic territory than anyone else.

The latest volley has come from Hogg Robinson Travel, one of Britain's major agencies, which is claiming to have broken the "we'll call you back" syndrome on low fares.

Hogg Robinson has managed to construct a computer system which calls up all those hidden, but legal, market fares that normally send the most sophisticated agents into a tizzy.

The Hogg solution comes after nine months of work with Travicom, the computer system used by most travel agencies. Using Travicom, Hogg can update fare and other information to nearly 300 destinations on what it calls its "Rapid" system. It claims to quote 90 per cent of world business routes.

Almost every major airline in the world participates in the hidden fares war, so you do not have to travel via Moscow or Jakarta to get from London to Frankfurt cheaply (in fact you

can do that one for about £70 return). The savings to many destinations, from Osaka to Copenhagen, can be more than 50 per cent. Often you can get a first-class return for the price of a normal economy fare.

Within a year or so, even Hogg admits that most of the bigger business-house travel agents will have a similar system. For the moment, however, it is claiming the lead.

The system provides constantly updated fare prices (again discounted), via information, and tips on medical requirements.

We will also provide a hard copy of the best flight deals, together with the rules and regulations governing the purchase.

The nearest trick I saw the system perform was the provision of details of locally available fares. In other words information on the cheapest fare, say from Hong Kong to Tokyo, that might only be legally bought in Hong Kong.

THE British Airports Authority is now telling others about the little secret regular users of Heathrow and Gatwick have known for some time—that you can buy books in the departure lounge bookstands weeks, and often months, before their normal UK release. This month has seen new books from Alan Clark, Ian Deighton, Clare Francis and Ken Follet. Soon to come is The Fourth Protocol by Frederick Forsyth and James Michener's Poland.

Arthur Sandles

Management abstracts

The new technologies: Japan's strategic thrust. K. Okuma in The McKinsey Quarterly (USA), Winter 1984

Sees revolutions currently taking place in six areas of Japanese industry — technological, production, office automation, distribution, international (combinations/mergers) and home (through information technology). Looks particularly at the first three, their nature and scope, and their investment levels.

The Aims of Induction. A. Kleiser and H. Volk in Zeitschrift für Arbeitswissenschaft (Germany), March 1984 (in German, English version available)

Stresses the importance of induction techniques; they will turn each new recruit into either a conformist, or a creative individualist, or into a rebel. The successful techni-

que breeds creative individuals. Warning from Henry Kissinger: "New people must not pull up trees just to have a look at the roots."

Beating the post-merger blues. F. Hale and J. Humphrey in Management (South Africa), January 1984

Describes steps necessary before and after a merger to avoid "conflicts of style", advises that the new organisation, goals, and procedures should be agreed before the merger, with post-merger strategy concentrating on staff communications and planning meetings (outside the office), with continuous review of progress.

These abstracts are condensed from the abstracting journals published by Amber Management Publications. Licensed copies of the original articles may be obtained at £3 each (including VAT and postage; cash with order) from Amber, PO Box 23, Wembley HA9 8DJ.

TECHNOLOGY

RADIOACTIVE WASTE DISPOSAL

Glassmakers to the nuclear king

By DAVID FISLOCK

A GLASSMAKING process unique to the UK is running at the Sellafield factory of British Nuclear Fuels in Cumbria. In a facility which will cost £18.5m, Bill Smith and his team are simulating full-scale the process of turning highly radioactive waste into glass.

Mr Smith's facility, in a hiseul-coloured building on high ground at the edge of the factory, is a replica of a £200m facility under construction at the heart of the factory. Before the first glassmaking line of this facility comes on-stream in 1987 he aims to have simulated and explored every quirk in the process.

The process will take the highly radioactive residues from the reprocessing of used nuclear fuel and turn them into a glass of roughly one-fifth the volume. The residues, although representing only about 1 per cent of the fuel, contain a complex chemical mixture of about 50 ingredients, mostly fission products, the fragments produced when atoms split in the nuclear reactor. Also present are traces of transuranic elements, such as plutonium, newly-created by transmutation of the uranium fuel.

For over three decades the factory has stored these residues in sealed stainless steel vessels, water-cooled to remove continuously the heat of radioactive decay, but fast-increasing pressures for more safety provision since the mid-1970s has increased the attraction of vitrifying the effluent in readiness for permanent disposal.

Present government policy is that the backlog of stored highly radioactive glass shall remain at the Sellafield factory until cool enough to bury permanently without risk of thermal disturbance to the rock.

The UK Atomic Energy Authority, progenitors of BNFL, first began to explore vitrification in the late 1960s. UK experience teaches that, even by Sellafield's standards of trouble-shooting, vitrification will prove tricky. BNFL decided its best chance of getting a nuclear licence, training operators, and coping with trouble was to reverse everything on a full-scale inactive plant.

Like the real thing, this simulation is operated from

behind concrete walls three metres thick. The difference is that when something sticks or spills, Bill Smith can enter the forest of stainless steel pipe without hesitation, to see just what went wrong.

The sketch shows the basic part of the process. It is based on a process the French have been using since 1978, which simultaneously evaporates and calcinates the effluent.

The heart of the process is the rotating calciner, electrically heated. Sugar is added to the effluent feed to prevent any tendency for the brew to puff up into cloy and create dust. A steel bar tumbling at the end of the calciner reduces the residue to a powder.

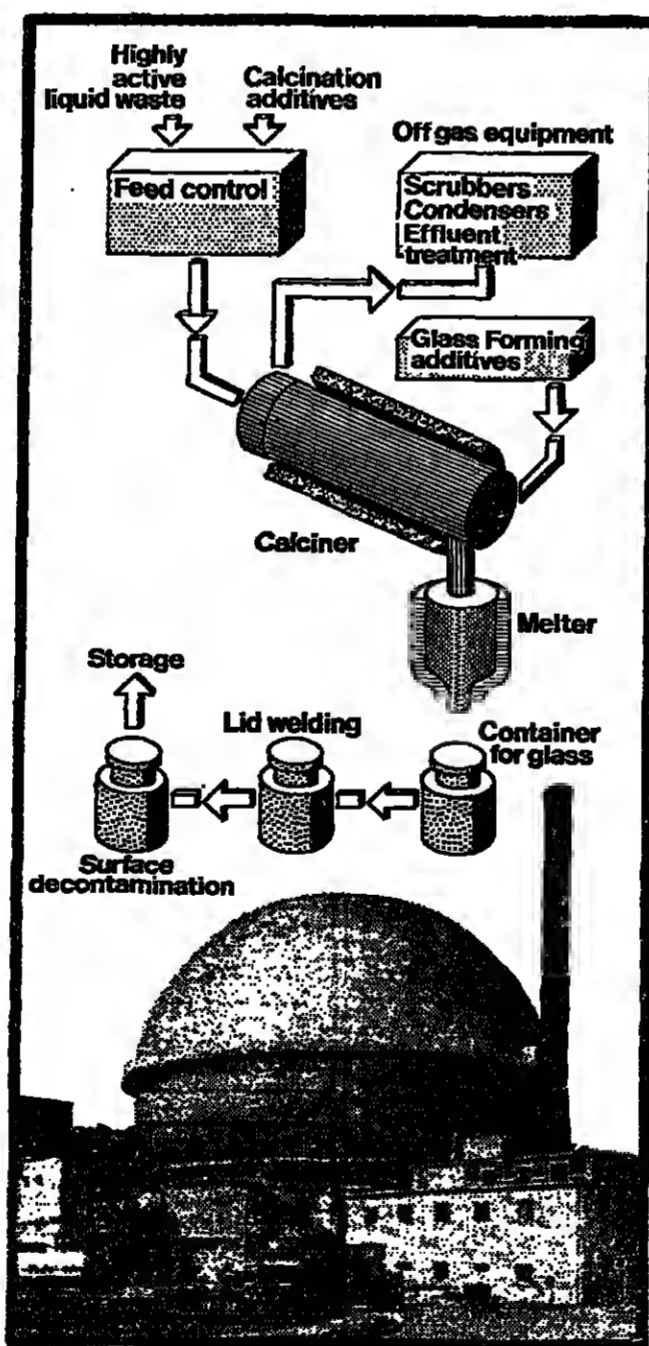
The powder is blown into the glass melting pot, along with some three times its weight of glassmaking materials. The induction-heated pot is raised to 1,150 degrees C, when the mixture solidifies to form a black microsilicate glass.

The melter is tapped every eight hours, releasing a stream of glass about one centimetre in diameter at 1,000 degrees C, into a stainless steel container. The melter is tapped three times to fill each container, some 350kg, before the next is moved automatically into place.

Bill Smith and his team of 27 professionals are rehearsing every detail of this operation, with the single difference that their feedstock is not highly radioactive. They mix their own effluents from a £30,000 inventory of chemicals to simulate a variety of different effluents in storage at Sellafield.

Their aim is to establish a universal glassmaking technique that will serve every kind of British effluent. In this they have the support of a team of ten in glassmaking technology in Sellafield's laboratories. They investigate such problems as the rate of cooling of the glass ingot, which has to be controlled carefully in order to get a consistent glass.

On the engineering side, their target is a continuous run of 1,000 hours within the next year. The facility is being designed for a 30-year life but the most highly taxed parts of the process will need replacing—the calciner perhaps every ten years, and the melter as frequently as once a year.



Vitrification process with, below, the Windscale AGR, now being dismantled, whose most radioactive residues will eventually be stored as glass.

Techniques for remote replacement and repair are being worked out in great detail for every conceivable contingency, even lightning strikes. Discarded portions of plant will be sawn into pieces small enough to go into the same containers used for glass ingots.

All such manipulations are made from behind a window three metres thick. The concrete cell containing the process is brilliantly lit with long-lived lamps to minimise the trouble of changing bulbs. TV cameras that can be moved by crane, and hung on the wall, are used to give the operator a close-up of a problem. His main "hand" is a two-tonne crane, with manipulators for the lighter tasks.

"I think we've got a very robust machine as well as a well-engineered machine," Bill Smith says.

OFFICE AUTOMATION

'Staggering' rise in text spend

By GEOFFREY CHARLISH

SPENDING ON text processing equipment continued unabated last year, with expenditure in Europe topping \$2,500m, an increase of 64 per cent over 1982.

The latest OASIS report from the International Systems of Richmond-on-Thames from which these figures emerge, covers electronic typewriters, typewriter upgrades and word processors (including personal computers dedicated to WP). It describes the increase as "staggering" in view of economic conditions and an unemployment figure in Europe that exceeds 10 per cent of the employable population.

OASIS, now in its fourth year, is a market research programme that looks continuously at the office environment. This latest summary of the European scene shows that a million electronic typewriters were installed during 1983, peaking at the total of 1.8m.

The figures mean, says Wharton, that nearly 20 per cent of Europe's secretaries have been equipped with an electronic typewriter since the machines first began to appear in 1980. Another 150,000 are working screen-based word processors, all of which have been installed since 1978. During 1983, 20,000 of the electronic typewriters have been upgraded with an add-on screen.

Growth rates are impressive. Sales of both electronic typewriters and personal computers dedicated to WP have jumped by 120 per cent in 1983 compared with the previous year. On the other hand, the whole of the screen-based WP group managed only 47 per cent, attributable to flagging sales of dedicated WP systems.

Wharton says that users are moving away from the specialist WP suppliers to the more general office equipment companies such as IBM, Rank Xerox, Wang, Triumph Adler and Olivetti.

He believes it is already clear that there is not room for overcapacity. The expectation is that by 1990 there will be about 10 mainstream suppliers, and perhaps another 20 "niche" companies meeting particular user needs. He asserts: "It is unlikely that more of the word processing specialist suppliers will survive in the mainstream."

One of those, AES, has countered the problem by developing facilities for SNA (systems network architecture, IBM's networking communications system), thus making itself an IBM alternative supplier.

Due to flexibility and price, PCs are showing the fastest growth despite their clumsiness and slow processing packages and the slowness of the operating systems. But these problems are being overcome through the use of faster chips, more memory at lower cost, and improved operating systems and customised function keys. As the trend builds up, Wharton believes that no more purpose-built word processors will be developed.

Wharton's view of the future? He thinks that the market for PCs dedicated to WP will continue to expand at 85 per cent per annum for the next five years. For electronic typewriters he predicts a growth of about 60 per cent per annum for the next three years, followed by a steady replacement market in which outlets like W. Smith will be prominent. But there will also be an important "systems integration" activity, satisfied by the new breed of specialist "integrator" companies. Wharton Information Systems is on 01-940 7868.

SAFETY

Radio alarm for loners

TELENOVA HAS developed a radio alarm system that can be used by anyone likely to have to summon assistance when working alone.

Called Digilarm, the pocket-sized unit transmits a pre-defined code on a UHF (ultra-

general office equipment companies such as IBM, Rank Xerox, Wang, Triumph Adler and Olivetti.

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EDITED BY ALAN CANE

Instrumentation

Touch of the refinery in the public bar

By Peter Marsh

A SMALL company in Liverpool aims to bring to public houses technology developed for petrochemical industries, all with the aim of giving landlords a more precise way of dispensing beer.

Piper Instruments plans to harness in this application flow-measurement techniques that, for example, monitor the passage of liquids in oil and chemical plants.

The device would be programmed to serve out beer in a precisely metered quantity, to an accuracy of 2 per cent. It could also be adapted to dispense wine.

Mr Harry McGregor, who used to work as a service engineer in the refrigeration industry, and Mr John McKechnie, an ex-builder, set up Piper Instruments just over a year ago. The pair are working in conjunction with researchers from the departments of electronics and mechanical engineering at Liverpool University.

Mr McGregor is reluctant to give details about the new flow meter, which he says should be available to pubs in about a year. The device will rely on sensors that, for example, monitor the force with which beer is passed along pipes to a bar tap.

With information from the sensors, an electronic mechanism then adjusts valves to dispense through the tap a set quantity of the liquid. The hardware would be more accurate than the beer dispensers normally featured in pubs.

In this equipment, a piston forces liquid into a cylinder of standard volume — a pint or half a pint. The beer is then drawn out of the cylinder by a pump.

Piper Instruments is one of 11 mainly small companies that operate in a building run by the Merseyside Innovation Centre. The organisation, backed by Liverpool's university and polytechnic and Merseyside county council, provides accommodation for fledgling companies, which either have links with the city's academic institutions or are working on some novel application of technology.

For example, Integrated Materials Technology, another tenant of the building, is

More Columns for your PC!



developing a new machine for winding synthetic yarn such as carbon fibre info sheets or pipes of composite material. Mr Roger Ford, who runs the company, says he is attempting to interest in his machine (which he calls the Kinetic Mandrel) big chemical companies such as ICI.

Other companies at the centre are working on computer applications and new ways of packaging drugs.

The centre, with a full-time staff of four, also attempts to arrange research contracts between academic teams and small companies in Merseyside. Mr Brian Holloway, the acting manager of the centre, says his team is evaluating about 25 projects in which expertise from either the university or the polytechnic could be channelled to the business world.

Among the areas of technology involved are testing techniques for hospitals for equipment used in operations for example, and control methods for engineering hardware.

Another area of work is in attempts to commercialise technological schemes that local people bring to the centre. Mr Holloway, an ex-research officer at ICI, does not pretend that this is an easy task. In the two years that the centre has opened, its staff has evaluated about 300 such ideas—of which roughly 15 stand any chance of development.

Mr Holloway says that small companies in Merseyside that are interested in applications of technology are often held back by shortages in essential areas of cash and of technical and commercial skills. Although the polytechnic and university can help in supplying some technical expertise, they can do little about the other two factors.

The centre is facing financial problems of its own. Its budget of £100,000 a year is met largely by an annual grant of £65,000 from Merseyside county council. But with the council due to be wound up as a result of Government legislation, the centre has guaranteed income only until next March.

Eventually, the centre is due to be self-supporting with cash earned from research contracts paying for overheads. But that state of affairs is not likely to be reached for several years, says Mr Holloway.

THE ARTS

Arts Week

F | S | Sa | Su | M | Tu | W | Th
10 | 11 | 12 | 13 | 14 | 15 | 16

MUSIC

VIENNA
New Vienna Baroque Ensemble, leader Heinz Prammer, Pergolesi Sinfonia...

PARIS
Haydn Sinfonietta Wien conducted by Manfred Huss, Michel Lethiec...

LONDON
BBC Symphony Orchestra conducted by Sir John Pritchard with Felicity Lott...

NEW YORK
Royal Philharmonic Orchestra conducted by Yuri Temirkanov with Alicia de Larrocha...

CHICAGO
Bavaria Festival: Peter Serkin, piano, and Young Uck Kim, violin...

NETHERLANDS
Daniel Weyenberg, piano: Beethoven, Chopin and Liszt, Amsterdam Concertgebouw...



Scenes from 'The Last Battle' (left), post-holocaust; and 'Richard Pryor Here and Now,' post-drag

Cinema/Nigel Andrews

Memoirs of the survivors

Richard Pryor Here and Now
The Last Battle, directed by Luc Besson

French science fiction for the avant-garde. Across a wide black-and-white screen...

Edinburgh is the place for movie-addicts to be this month, between the 11th and the 26th...

remained with Burton throughout his life to remind us that here was something really that down to Earth to walk and talk...

'No one laughs here, stage and auditorium are silent'

Thank goodness he hasn't given up the addictive habit of being funny. Pryor hopes onto the stage...

film jump-starts into comic-spoopy life with the scenes in a crumbling hospital...

When was there last a British film star whose death dominated the front page on almost every national newspaper?

Burton became in his later films a Presence and a Voice neither of which seemed to have very much contact with a real human being...

Theatre

TOKYO
Cats (Cats Theatre). The special treat theatre, excellent set, good dancing...

My Fair Lady (Nissei Theatre). Toto company in the Japanese version with well-known cast...

LONDON
Little Shop of Horrors (Comedy). Campy off-Broadway import which is less good than The Rocky Horror Picture Show...

school hymns. Spiffing if you're in a hurry. American jazz dance includes the Ballets Russes...

Remo and Juliet: Joseph Papp's Shakespeare Festival is performing in the city parks this year...

Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T. S. Eliot's children's poetry...

On Your Toes (Virginia): Galina Paganova with presumably a genuine Russian accent leads an exuberant set...

Neues OH (Brooks Atkinson): Dorothy London brings Michael Frayn's best play to the stage...

Quilters (Terrace): Based on American folk-art, Quilters is a play about their work in making quilt blankets...

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Exhibitions

WEST GERMANY
Frankfurt, Stadel, 63 Schaumatzkai: Ulrich Rückriem's contemporary German sculpture...

Berlin, Brücke Museum, 9 Borsdorfstrasse: 1994 - a year with Karl Schmidt-Rottluff's 150 watercolours...

Berlin, Neuer Berliner Kunstverein, 39 Koenigsplatz: 1984 - the 20th anniversary of the German Bauhaus...

Darmstadt, Mettmehldorff, 1 Europaplatz: 1984 - a year with Karl Schmidt-Rottluff's 150 watercolours...

ITALY
Venice: Amid continual justified complaints about the impossibility of short and inconvenient opening hours...

led to Whistler's nominating him a member of the Society of Painters, Sculptors and Engravers of London...

Charles Schneider - an artist with glass and a musician with colours - began with Art Nouveau and its forerunners...

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Giacometti, Modigliani, Moore and Miró. Ends Sept. 9.

Drawings of Gustav Klimt: This exhibition shows an unusual aspect of Klimt. Instead of the more well-known heavily gilded and decorated canvases...

Charles Schneider - an artist with glass and a musician with colours - began with Art Nouveau and its forerunners...

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Opera and Ballet

NEW YORK
New York City Opera (New York State Theatre): The company's 49th season continues with La Traviata...

Salzburg Festival
The Magic Flute conducted by James Levine with Elena Cotrubas...

Charles Schneider - an artist with glass and a musician with colours - began with Art Nouveau and its forerunners...

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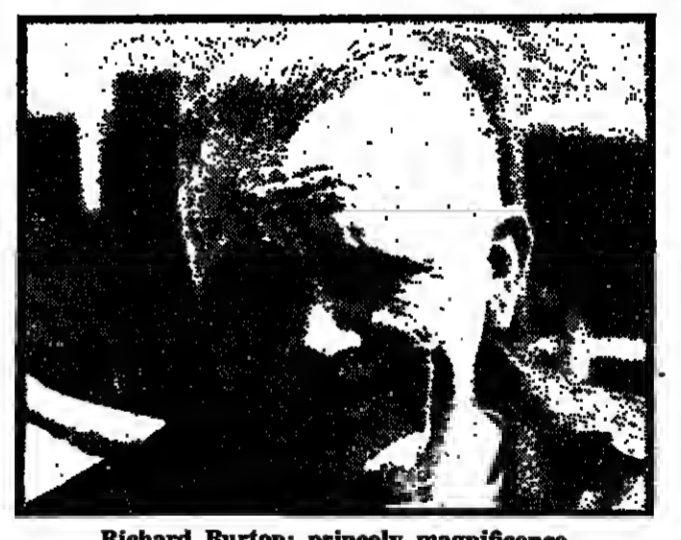
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Richard Burton: princely magnificence

Michael Coveney selects his ten worst theatrical productions

Riveting... but don't ask for an encore

MY ABIDING love of the theatre is, I would be the first to admit, not unconnected to a view of it as one of the more refined masochistic pleasures of our age...

The Queen had to sit through Il Campiello when the National Theatre opened on the South Bank in October 1976. She did not look pleased...

The Turkish Clogs at the Old Vic in May 1978 was one of those classic bad nights. It was performed in an incomprehensible tongue (Turkish) and trying to make up for it by adopting postures of ingratiating coyness...

Eastward Ho! reopened the Mermaid in July 1981 and finished off Sir Bernard Miles. The band sounded as if they were phoning in the score from across the river...

One actor entered from a blizzard as clean as the driven snow, a handful of which (sign of the true character) he had remembered to apply to his shoulders - but only his shoulders - on his second entrance. Wonderful stuff.

Tomorrow: the world's top ten wonders

FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 8954871
Telephone: 01-248 8000

Friday August 10 1984

Japan answers its critics

JAPAN HAS been subjected to a steady barrage of criticism from its trading partners in recent years under three broad headings: that its trading practices are unfair, that the yen has been undervalued and that its domestic economic policies have been unduly restrictive.

Some of this criticism was muddled by protectionist prejudices. It was an attempt to find respectable economic camouflage for a strategy to limit the competitive threats of Japanese industries.

Japan's purpose, clearly shown when the Prime Minister, Mr Yasuhiro Nakasone, visited London for the re-negotiation economic summit in June, was to put itself in a strong moral position to argue that the West must dismantle rather than increase barriers against its exports.

Where the law is falling behind

IT ALWAYS takes some time before law catches up with and adjusts to social change, but the lag of English law behind the changes in the world of business is getting too big for comfort.

Such a decision makes a nonsense of the rule that agreements should be honoured—a rule without which no commerce is possible.

Inflation is the cancer of our society

Argentina's economy Robert Graham, Latin American Editor, reports from Buenos Aires on the problems facing the new president

Argentina is experiencing hyper-inflation that could top 700 per cent for the year and is threatening every single objective of President Raul Alfonsin's eight-month-old administration, including the consolidation of democracy.

Under valued Consequently Japan might need to stretch out the target for cutting the deficit in the interest of stimulating growth.

Stimulus This rapid increase in manufactured imports appears to be only partly the result of the selective cuts in tariffs announced recently.

Loss of face value Israel's economic crisis and the protracted attempts to set up a national unity government found simultaneous expression in a new bank note issued yesterday.

Men and Matters

"prime targets" of the EETPU's 379,000 members. Though "word of mouth" recommendations have apparently already boosted sales, nobody expects Chapple's endorsement to transform the appearance of the union's members overnight.

Mine host

No comfort to the National Coal Board, adding another week's loss of £20m to its strike bill this weekend, to hear how very different life is in the Canadian coal industry.

Chapple service

Getting a good deal for your members is what trade union leadership is all about—and Frank Chapple, leader of the electricians' union (EETPU), seems prepared to negotiate one wherever he can find it.

Argentina's economy

The inflation spiral that threatens Alfonsin

Robert Graham, Latin American Editor, reports from Buenos Aires on the problems facing the new president

vote in the election enabled him to tackle them head on. He sought to split the well established Peronist bosses from their base through new election procedures which, by any objective criteria, were sorely needed.

President Alfonsin made two important miscalculations which lost precious time and eroded his margin for manoeuvre. He and his advisors were convinced that the world financial community would sympathise with his predicament and permit Argentina to depart from the orthodox prescription for dealing with the country's debt.

Fuel prices went up by 22 per cent; they have risen 510 per cent this year. Transport tariffs went up 20 per cent, including taxis which no longer bother to adjust their meters for the increases.

Chapple service

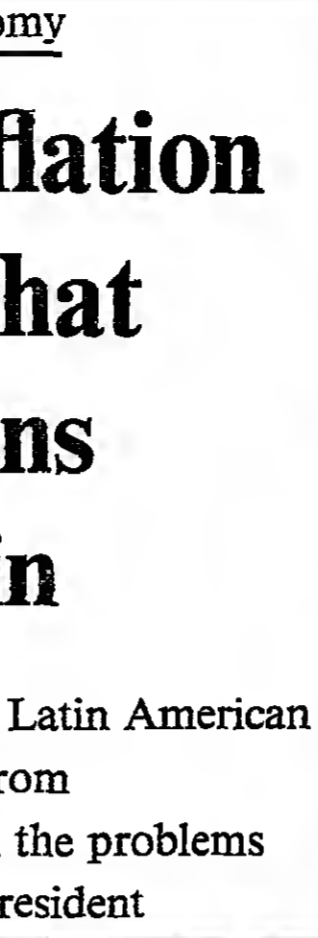
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Part of President Alfonsin's legacy: bodies of alleged victims of military atrocities are uncovered while relatives look on.



President Alfonsin and the inflation problem.

in 1978 his salary was worth U.S.\$ 4,000 and that now it was worth \$18. The authorities have been increasing the rate of peso devaluation to match the rate of inflation more closely.

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somewhat from the minimal \$100m in liquid reserves held in December. No figures are given but liquid reserves are believed to account for some five months imports, or around \$1.5bn, with a similar amount in gold. Trade arrears have been cleared through to June.

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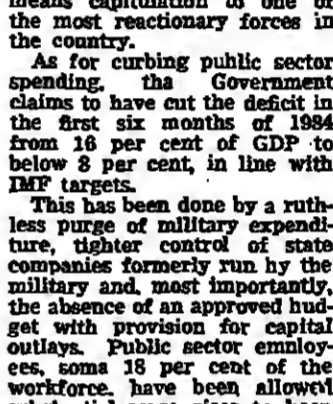
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It is this strength in Argentina's trade performance, coupled with its energy self-sufficiency and its ability to feed itself, which encourages the Government to hold out as long as it can and wring further concessions from the Fund.

Part of President Alfonsin's legacy: bodies of alleged victims of military atrocities are uncovered while relatives look on.



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Advertisement for Clydesdale Bank PLC announcing a reduction in the Base Rate for Lending from 12% to 11% per annum.

UK MINERS' STRIKE Shifting battle lines in war of attrition

By John Lloyd, Industrial Editor



Mr Ian MacGregor (left) and Mr Arthur Scargill

WE ARE now nearing the end of the fifth month of the 1984 miners' strike. On March 15, the Yorkshire, Scottish, South Wales and Kent fields largely closed, and the first Yorkshire pickets turned up in North Nottinghamshire, to argue (peacefully then, if forcefully) with the embarrassed miners at Harworth Colliery that they should not work.

It is a good time to take stock. The 1984 miners' strike, to which attention has constantly been directed, began with a lock-out on May 1 and was crumbling by October—the sixth month. By the middle of October, 218,000 (of 1.1m) miners had returned to the pits and with growing privation in the districts the numbers were steadily mounting. The strike is now in its final stages, writes a recent mining historian. Some NUM officials, perhaps superstitiously, believe the 1984 strike will end in the sixth month for that reason.

Near its end or not, the strike has already become a major importance, because of the manner of its conduct, the issues at stake and its effect on political life, especially within the Labour movement.

The National Coal Board came into the dispute in fine fettle. Its new chairman, Mr Ian MacGregor, had about him the glow of successful rationalisation at the British Steel Corporation, and though much of the groundwork there was laid by his predecessor, Sir Charles Villiers. His manner towards the unions had been a mixture of bonhomie and severity: his first meeting with Mr Arthur Scargill, the NUM president, ended with a warm handshake and a demand that the man whose name carried managers to chew the carpet was "a very good leader of his people."

A few weeks later, after the NCB had produced the plan for a reduction in capacity of 4m tonnes over 12 months—which remains the largest single cause of the strike—Mr MacGregor shook his head sternly and said that the setting of financial targets was not the business of union friends because they haven't been used to seeing the business as a financial institution: they think it operates by different rules.

The "MacGregor Plan" as it has been dubbed, meant manpower reductions of at least 20,000 men and the loss of 20 pits. The scheme was at least as precipitous as that carried out in the previous year under the brief chairmanship of Sir Norman Siddall: the NUM leadership had then tried, and failed, to get the miners out in a national ballot against closures.

Mr MacGregor told his area directors to crack ahead with capacity cuts: and it was this pressure which probably lay behind the Cortonwood incident, the spark of the strike. At a South Yorkshire review meeting on March 2, Mr George Hayes, the NCB area director, said he wanted to close Cortonwood, and proposed that the pit be put through the local review procedure which precedes all closures and appeals against them.

In so doing, Mr Hayes broke with usual practice. Colliery closures usually come up in the course of a local review procedure: local and area management may know they wish to close a pit, but do so in advance of arguing the case with the unions.

More importantly, Cortonwood, though the area's biggest loser, had reserves of several

Principle has been set against principle

years left and had just accepted them from other, closed pits. It was clearly a closure on economic grounds.

Cortonwood, then, was a genuine *casus belli*, identified as such by a Yorkshire and national leadership which had campaigned for strikes action since 1974 for years. Mr MacGregor's radicalism met an equally radical response.

Mr MacGregor was seen as the new broom who called the industry a "business" and would take management and union friends to the same place where they belonged. He was the taxpayer's friend and the Government's faithful servant: a new deal was coming for coal.

messages has changed. The NCB is now seeking to convince the striking miners that, far from attempting to revolutionise the industry, the procedures and policies remain the same. It is continually stressed that all redundancies will be voluntary. In its special edition of Coal News, circulated to all miners earlier this week, it stressed continuity with a past which had previously been criticised—especially in the practice of closing pits with agreement. The radical Mr MacGregor, who early in the dispute described it as a "shoot-out on the other side of town," has now assumed the robes of tradition.

On the first day of the strike in March, Mr Peter Walker, the Energy Secretary, went on radio to say that "I am not going to intervene in what is basically a clear-cut position of management that wishes to invest more in economic pits, and do it in a civilised, generous way."

On the night of July 18, as the NCB and the unions locked horns for 13 hours in the heat of the Rubens Hotel near Victoria Station, Mr Walker waited for a call from his official posted at the talks, primed to go on to the first news programme available to denounce the miner's leadership as politically motivated men and the breakdown as wholly their fault.

The Government, too, has had to respond to the forces which have pulled it ever deeper into the strike. The political stakes were high from the beginning, but have been raised sharply since a settlement of the dispute on terms which can be represented as principled is an absolute requirement.

The union leadership has changed least, Mr Scargill least of all. Once his decision to oppose closures was taken, once that was underpinned (as it has been) by union conference, he saw the course of the dispute as one which must not deviate from the pre-set direction. Others on the Left worry privately about the conduct of the strike, its effect on the union and on the wider Labour movement: Mr Scargill remains adamant, in private (it seems) as well as in public. But what have five months

wrought on the union? Its 180,000 members went into the strike in fits and starts: even in the Left-led areas of South Wales and Scotland, large numbers turned up for work on March 12, to be picketed, persuaded, shamed or frightened out of coming back.

In Nottinghamshire, less publicly in Leicestershire and South Derbyshire, in much of Staffordshire and in some pits in Lancashire, miners were faced the agonising choice between obeying the call of their national leadership and (where it was different) the dictates of their own judgment.

Often, as in Nottinghamshire, the dilemma was intensified by an area hallor which came out against a strike. No national strike ballot was ever held.

No union since the war has been put through a turmoil of this magnitude. The principles of opposition to closures, and the mounting unemployment in areas of already high unemployment, has been set starkly against the principle of union democracy, observance of the rule book and the rule of law. Now, groups of miners whose opposition to the leadership is hardening, have begun to use the courts in an attempt to exorcise the union procedures which they claim have been hurried over the past few months. The latest case, brought by two miners workers in Yorkshire (the epicentre of the strike), seeks to enforce a national ballot.

supposedly engendered by pre-nationalisation grace-and-favour from the paternalist owners. But the present-day leaders of the working miners are often Labour Party members and claim to be wholly opposed to splits: their actions to date have been those of men who wish to stay in the union and fight for a different approach.

It is on the Labour movement—unions and party—that the miners have had, and continue to have, their most profound effect, as they did in 1926. Then, as now, large parts of the movement swung behind the miners because it felt obliged, rather than because it was convinced of ultimate victory or even of the justice of the miners' cause: then, as now, the TUC was fearful, in sympathy with the miners' leadership.

Just as the uncompromising dynamism of a Scargill-led NUM has assured the union, so it now assures the TUC. The

The TUC—fearful and internally divided

Left-led unions are set to turn Congress in September into a miners' support rally: through a surge of solidarity, they hope to force the NCB and the Government to make the extra concessions which would allow the NUM leadership to get a settlement acceptable to it and its militants.

Right-led unions, such as the electricians and the engineers, will make themselves unpopular at Congress by expressing dissent from total support. Centred unions, including the General, Municipal and Boiler-makers and the National and Local Government Officers, will look for a paper compromise but may fail to find it. The media will be served up with another unhelpful row.

Labour, under Mr Neil Kinnock's leadership, has swung cautiously between muted condemnation of violence and the lack of a ballot and support for the miners' cause, expressed as condemnation of the Government. Its major effort, through Mr Stan Orme, the energy spokesman, has been to find a basis for renewed negotiations.

After five months, the principles on which the combatants claim to be fighting are as clear as neon signs. For the Government and the NCB, the immediate issue is an efficient coal industry, achieved through closing uneconomic pits, which will deliver cheaper energy to a hard-pressed British industry: more widely, the Government stands on the rule of law and the rejection of coercion and violence.

For the NUM and its allies, the issue is of making a stand against the decision of the industry's manpower: more widely, it is of resistance to jobless totals which increase relentlessly, to employment and union legislation which curb additional freedoms, to a Government style and philosophy which is seen as authoritarian and callously dismissive.

Between the two grinding stones exists much of the Labour movement of industry and of "middle opinion," all of it looking for a way out, and for an answer to the question—"When will it end?"

Popularity of the car

From Mr A Street
Sir—Mr Simon Read (August 17) lets his bias against the motor car get the better of him in his criticisms of the buses White Paper. Whatever its strengths and weaknesses the White Paper recognises one fundamental truth—that given their present product, many parts of the bus industry are in fundamental decline and that something needs to be done about it. The White Paper is also correct when it argues that there is a need to stimulate demand for public transport by changing the type of services offered rather than maintaining the status quo at the cost of ever-increasing subsidies.

Whether the solutions offered by the White Paper will achieve this, is another matter. Of course the big rise in car ownership is at the heart of the decline in the demand for public transport, but Mr Read is wrong to blame the company car or traffic congestion for this. As the White Paper points out, the bus share of total passenger travel has been declining since the early 1950s, well before company cars became prevalent at traffic densities reached their present levels.

The popularity of the motor car obviously stems from the high degree of personal mobility which it offers. Cars are so uniquely advantaged in meeting this demand that car ownership in Britain will continue to increase as real incomes grow. Bus operators must be able to compete in this context. Surely the answer must be for them to challenge the personal mobility of the car by offering a more flexible product (including types of vehicle other than the conventional bus) and to compete on cost grounds by improving their efficiency of operation wherever possible.

Andrew Street,
British Road Federation,
Conroy House,
6, Portugal Street, WC2.

Burning straw

From the Deputy President, National Farmers Union
Sir—Any commercial use for the 6m tonnes plus of surplus straw burned every year, is to be warmly welcomed. To suggest however that the surplus straw problem can be easily solved by using more straw as fuel (your report on "The Potential for Straw as a Fuel in the UK" August 7) is misleading.

The author of this publication suggests that only 834,000 tonnes more straw is likely to be used as fuel on farms by the year 2000. In another recent publication he suggests that rural industry and briquetting could use another 600,000 extra tonnes of straw a year by the

Letters to the Editor

year 2000.
So even if the production of straw remains static, its increased use as a fuel will only alleviate, not solve, the problem.

Unfortunately there are no simple solutions to the surplus straw problem. I sincerely hope that more commercial uses will rapidly be found for straw. This will require co-operation and initiative from industry. I look forward to the day when newspapers, including the Financial Times, are printed on paper containing straw pulp.
S. A. Gourlay,
(Chairman, Straw Burning Working Party)
Agriculture House,
Knightsbridge, SW1.

Acid rain and silver fir

From the Co-ordinator, Friends of the Earth (Scotland)
Sir—Perhaps the veracity of your article August 6 "Acid rain causes 'not fully understood' damage to silver fir" would have been approved had the title succeeded by the six words "but we know enough to act".

The article refers to a report by Dr W. Binns of the Forestry Commission, published in the National Coal Board journal, which denies evidence of damage to British Conifers due to acid rain along the lines of those affected in West Germany where some 50 per cent of all woodlands are affected.

In a survey conducted in May of this year, however after Dr Binns had written his report, Friends of the Earth (Scotland) employed a German forester experienced in the identification of air pollution damage. Of 48 sites visited in England 31 showed evidence of damage comparable to that in West Germany.

The House of Commons Environment Committee on Acid Rain subsequently visited Whinlatter Pass in the Lake District, one of the sites where damage was observed, and for the causes of which the Forestry Commission has no explanations. Sir Hugh Rossi, Chairman of the Committee, referring to this site stated that damage to trees had been observed in the United Kingdom which appeared to have been similar to that seen in West Germany.

TV coverage. The IBA, BBC and football authorities' agreement that players' shirts could carry a sponsor's name, introduced at the start of the 1983-1984 season, was considered an acceptable extension of this.

The original Television Act in 1954 included a clause allowing the screening of sponsored films and documentaries, for example from the Shell Film Unit, carried a logo on TV many years ago. That clause incidentally has been retained in all subsequent Broadcasting Acts.

To allow funders of programmes or sponsors of outside events, to advertise within such programme breaks gives them equality with their competitors, and nothing more.

Christopher Dundley's fears are unfounded. The IBA's commitment to an absolute separation between programmes and advertising remains unshakable.
Barbara Hosking,
70, Brompton Road, SW3.

Lots of wasted energy

From Mr A. Scott
Sir—People seem to be pulling in different directions as regards energy.

The National Union of Mineworkers wants to produce more expensive coal from existing pits with some doubt as to supply whenever it happens to want something.

The Coal Board wants cheaper current efficient pits, and a more efficient pit, and a more efficient pit. Sir Terence Beckett of the Confederation of British Industry applauds the Coal Board policy and says it will make British industry more competitive and so help employment.

The Government does not believe in cheap energy and piles on the price in order to cream off millions excess monopolistic profits.

Mr MacGregor and Sir Terence cannot win either way. A. H. Scott,
102, Beeches Road,
Chelmsford, Essex.

The deuce it is

From Mr G. Hollis
Sir—The Energy Review headed "Why the French are masters of conservation" (August 8) featured without comment a photograph of the enormous solar furnace at Odeillo in the Pyrenees. This great construction, the size of a ten storey office block, set in the sunniest spot in France perhaps explains why conservation and not solar energy is now the highest priority in France. During a visit I was surprised to discover that at maximum output this furnace produces only enough electricity to power five houses.

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FINANCIAL TIMES

Friday August 10 1984

BELL'S SCOTCH WHISKY BELL'S

Mitterrand still hopes for deal on referendum issue

By Our Paris Staff PRESIDENT François Mitterrand still hopes for a compromise on his proposal to widen the scope for holding referendums in France...

The Opposition charges that Mitterrand would use such a referendum as a ruse to retain power if the 1986 general elections delivers a crushing setback to the Socialists...

Changes to France's 1958 constitution, which allows referendums only on relatively narrowly-drawn government issues, can be decided only after agreement between the Senate and the National Assembly...

Amendments themselves are subject to final approval by referendum, and Mitterrand was hoping to hold a popular vote on the referendum issue next month...

UK probe of stores group

Continued from Page 1

appointment of six additional outside directors.

At present, Lonrho's shareholding is represented on the Fraser board by Lord Duncan-Sandys and Mr Roland "Tiny" Rowland...

Prof Smith welcomed the results of Mr Griffiths's investigation, "It takes House of Fraser forward," he said, and referring to the Monopolies reference, he added: "It gives us more reliable official information to give to a government group."

Amid the undertakings given by Lord Duncan-Sandys at the time was the pledge that Lonrho would not "do anything with the intent that a person associated with Lonrho will acquire equity share capital of the House of Fraser with the result that the aggregate of Lonrho's own, associate and subsidiary holding would exceed more than 30 per cent of the equity share capital."

German summit will seek peace initiative

BY RUPERT CORNWELL IN BONN

THE POSSIBILITY of a joint initiative for a renunciation of the use of force in Europe will be a key topic at this autumn's summit between the two Germans.

This was stressed yesterday by Herr Hans Dietrich Genscher, the West German Foreign Minister. He underlined that such a declaration, supported by Bonn and East Berlin, would be a major contribution to the goal they shared to increase stability in Europe as a whole.

Herr Genscher indicated that the current East-West conference in Stockholm on confidence building measures in Europe could be a suitable forum for such an initiative to be developed.

It remains to be seen, however, how Bonn's Western allies would react to early moves in this direction. There have been signs that Washington and other capitals were

looking more favourably upon a pledge to renounce force, on which the Soviet Union is keen. They are, however, anxious that a properly co-ordinated approach be maintained.

Only in this way, Western diplomats argued yesterday, would it be possible to extract concrete concessions from Moscow in return.

At a press conference, Herr Genscher betrayed no doubt that the visit to West Germany in September by Herr Erich Honecker, the East German leader, would take place, despite the barrage of criticism from Moscow and some of its East European allies.

He also rejected demands from some quarters that he should make a special journey to Moscow to allay apparent Soviet fears about the purposes of the inter-German summit.

Herr Genscher said that there was absolutely no call for such a trip. He pointed out that he would, in any case, be meeting Mr Andrei Gromyko, his Soviet opposite number, during the autumn general assembly of the United Nations in New York, before Herr Honecker's visit to West Germany.

The Bonn Foreign Minister added that West Germany would be making firm proposals for a strengthening of the so-called "European pillar" of the Atlantic Alliance at this autumn's Rome meeting of ministers from the seven-nation Western European Union.

Without giving details of the proposals, Herr Genscher said the aim would be to enhance the weight of Western Europe in world political questions. "It is not a question of the U.S. being too strong, but of Europe being too weak," he declared.

Linde to halve Fenwick workforce in rescue

By David Marsh in Paris

THE WORKFORCE at Fenwick Manufacture, France's leading forklift truck maker, will be cut by 800 - more than half its staff - under a proposal to take over the bankrupt company by Linde, the West German engineering group.

The proposals, which have just been explained to unions, will involve closing one of Fenwick's four French factories, at Troyes in north-east France, and substantial trimming of loss-making activities.

The Paris commercial court, which has also been dealing with the complex bankruptcies of the Creusot-Loire engineering group and the Amreol oil services company, is to deliver a final verdict on the Linde takeover plan next week.

Linde was involved in a previous rescue plan for Fenwick last summer after the failure of negotiations with other possible buyers, including Lancer Boss of the UK, Otis of the U.S. and Balkancar, the Bulgarian group, which is the world's largest forklift truck maker.

Last year's deal, which also involved a stake by the Government's Industrial Development Institute and the Fenwick SA parent company, was never carried out completely. Fenwick filed for bankruptcy at the end of last month after a further steady deterioration in its business.

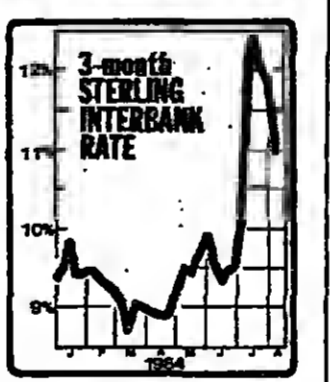
Fenwick unions have protested strongly at the latest plan for job cuts among its 1,550 employees. The Communist-led CGT trade union has made a strong plea for the Government to reopen negotiations with Balkancar, which it said was still keen to take over the company.

The Fenwick cuts, which add to uncertainty over large labour-force reductions planned or rumoured at Creusot-Loire and the Renault and Peugeot car groups, are the latest tidings of gloom on the French industrial scene.

In the past fortnight, big workforce cuts have also been announced at the Pabst crane maker, the Sodetec consulting engineering company owned by the Thomson electronics group, and at the Compagnie Générale Maritime shipyards.

Push for new UK rates cut

By Max Wilkinson in London



THE BANK of England signalled strongly yesterday that it wants commercial banks to lower lending rates to fall another half percentage point to 11 per cent.

For the second successive day it cut 1/2 percentage point off the dealing rates at which it supplies money to the banking system.

The major UK retail banks, however, which promptly followed the authorities' lead on Wednesday, offered no response to the cut in the Bank's dealing rates.

The general view in London's financial markets was that the banks were rather surprised at the speed of the authorities' moves and wanted a pause for reflection. However, in the absence of any strong reaction in the foreign exchange markets, another base rate cut seems certain in the next few days.

The only bank to lower its base lending rate yesterday was merchant bank Charterhouse Japhet, which cut its rate from 12 per cent to 11 per cent.

The base lending rate of all the major clearing banks remained at 11 1/2 per cent after Wednesday's cut from 12 per cent.

Money market interest rates, however, fell yesterday in response to the Bank's move, with the 3-month London interbank rate down 1/2 percentage point to a fraction (5/8) under 11 per cent.

There were indications that the authorities might move interest rates downward at a somewhat slower pace from now on, mainly because they are anxious not to trigger any lurch of sentiment against the pound.

Money markets, Page 27

Call for short-range weapons to be included in control talks

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT, IN LONDON

ARMS control negotiations between the Soviet Union and Nato must include short-range nuclear weapons in Europe and not just medium range missiles like the Soviet SS20, a senior West German official close to Chancellor Helmut Kohl said yesterday.

Herr Jürgen Todenhöfer, disarmament spokesman for Mr Kohl's Christian Democrat party (CDU) said that Moscow had built up the number of its short-range SS2 and SS23 missiles in East Germany and Czechoslovakia to the point where its advantage was now 9 to 1 in such weapons.

The West was outnumbered by 650 to 72 in nuclear missiles with a range of 150 km-1,000km, Herr Todenhöfer said in a press statement.

If and when the Euro-missile talks, which broke down last November in Geneva, resumed, such short-range weapons would have to be included, he said.

The two countries' failure of any meaningful resumption of arms talks was dealt another low yesterday when Mr Leonid Zamyatin, head of the Kremlin's international information department, questioned whether any form of arms dialogue was possible with the U.S.

"Since President Reagan became installed in the White House, his entourage and he himself have taken little care to ensure the normal development of Soviet-U.S. relations," Mr Zamyatin said.

The two countries' failure to agree on a agenda for proposed space war talks in Vienna in September was a fresh example of the deterioration in relations, he said.

Soviet criticism of the U.S. approach to arms control was also in evidence at the multinational Geneva Conference on Disarmament yesterday.

Soviet Ambassador Viktor Isralyan, giving Moscow's first detailed response to a U.S. draft treaty banning chemical weapons, said that the U.S. proposals discriminated against communist countries while leaving the door open for the U.S. to mass-produce the most modern versions of these weapons.

The U.S. provisions table in a draft treaty in April for open inspection of all chemical facilities were "extravagant but deliberately unrealistic and irrational," he said.

Royal Dutch Shell up 25%

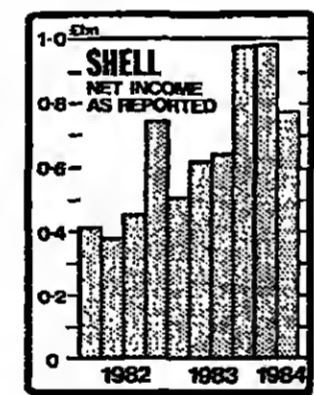
BY RICHARD JOHNS IN LONDON

ROYAL DUTCH/Shell, the oil group, yesterday reported net profits for the second quarter of £778m (\$1,011m), up 25 per cent on the same period of 1983. But the City of London took a dim view after the nearly doubled year on year outturn for the first quarter and the group's share price ended the day 10p lower at 610p.

The net profit for the first quarter had been £382m, so the profit for the first half was £1,131m against £1,131m for the first six months of 1983.

On the London Stock Exchange yesterday trading in the oil major's shares was in contrast to the rally earlier this week based on the strengthening of prices in the oil spot market. Royal Dutch shares were still buoyed up yesterday, however, by continued U.S. interests.

The company blames the slower profit advance in the latest quarter on a fall in income from manufac-



crude oil and product costs resulting from a stronger dollar.

Outside North America, the chemicals sector failed to maintain its improvement and profits fell from £65m to £42m.

Overall, the strength of the dollar and other currencies boosted the group's latest quarterly results in sterling terms, because oil and gas prices are denominated in the U.S. currency. Royal Dutch was also helped by earnings from Shell Oil.

However, earnings from oil and gas exploration worldwide fell from £741m in the second quarter to £390m as sales volumes fell for seasonal reasons.

Shell Oil's contribution to group profits increased by 43 per cent to £248m in the April-June period compared with the same quarter of 1983, of which £42m was attributed to the stake acquired earlier this year.

Stock market reaction, Section II

LA tires of the Olympics

Continued from Page 1

deed, the rules of the Olympics expressly forbid any manifestation of commercialism, sponsorship or advertising in, around, or over all Games sites.

That is not to say that official Games sponsors such as Coca-Cola, McDonald's, Levi Strauss, Fuji Film, or United Airlines have not had their money's worth.

Fuji, for example, is pleased with its sponsorship, thought to have cost about \$9m and aimed at providing momentum to its bid to raise its estimated 8 per cent market share of the booming \$1.6bn U.S. film market.

Kodak, which has about 85 per cent, replied to Fuji's Games sponsorship by backing the U.S. Olymp-

turing, marine and marketing operations outside the U.S. and Canada from £235m to £62m as a result of deteriorating margins.

Continuing tough competition in the market made it impossible for the group to raise prices sufficiently to compensate for the higher local

tic team and by budgeting an estimated \$10m for networked commercials during Games broadcasts.

Similarly, McDonald's, the quick food leader, is reaping in a successful, if costly, national promotion based on cards given to customers. When a U.S. athlete wins a gold medal, the customer holding a card with the name of the event on it wins a Big Mac, for a silver, a free Coke.

If Los Angeles has failed to incoincidentally or slow the Olympics down, it has made a significant contribution by demonstrating that it is possible to run a private-enterprise, bargain-basement Olympics on a shoestring budget of about \$300m. What is more, the Games are likely

to show a profit, perhaps of \$15m, to be spent on youth and sport.

The 1984 Games are run by the Los Angeles Olympic Organising Committee (LAOOC), formed when voters amended the city charter, vowing that no public funds would be spent on the Games.

There was no big spending on stadiums. McDonald's provided \$4m for a new Olympic pool, Atlantic Richfield added \$5m to refurbish the Coliseum, Southland Corporation added \$3.5m for a velodrome and so on.

The notion of the Olympics' embracing modesty and cost control would have sounded far-fetched half a decade ago. But it has happened.

OECD says Japan may need to lift taxes

Continued from Page 1

suggests that some stimulation of the domestic economy might need to be considered if domestic demand started to falter.

The OECD also says the current weakness of the yen should be seen mainly as the corollary of the strength of the dollar.

"Unless foreign interest rates come down and/or the dollar weakens appreciably, prospects of a significant strengthening of the yen remain limited."

facing the Japanese economy, changes in macroeconomic policies sufficient to trigger a substantial appreciation of the yen do not appear feasible in present circumstances.

The OECD adds that although the recently announced package of financial liberalisation measures may help to strengthen the yen over a period it will be gradual and the effects probably slow to appear.

Japan OECD Survey, OECD, 2 Rue André Pascal, 75775 Paris Cedex 16, France.

THE LEX COLUMN Empty house for concert party

Mr John Griffiths's report on the troupes of alleged concert parties surrounding House of Fraser has taken a year, and 175 interrogations, to produce. It has almost been worth waiting for the sheer escapism entertainment of the document, in itself a virtual justification of the £22.50 cover price.

The inspector's chapter headings read like clippings from detective fiction: "The Mystery of the Photograph", "The Reconciliation at Troon" and "The Monte Carlo letter" would not be out of place in a work by Agatha Christie. His findings, however, described as interim conclusions even though the inquiry is not now to be prolonged, inevitably lack the sort of artificial neatness expected at the railway bookstall.

Practically all the dramatic personae get away without so much as a slur on their honour, although Mr Tiny Rowland is less fortunate than some in this regard.

In any event, the conclusion that neither Lonrho nor the board of Fraser tried to assemble voting support in a way proscribed by the 1981 legislation on concert parties should be at least semi-satisfactory to both sides, and to Warburg - said to have gone to the limits of its powers as an adviser to Fraser, though not beyond.

The definition of a concert party is, however, so tightly drawn that it might be all but impossible to establish when one existed - unless the parties were foolish enough to lodge copies of their agreement at the Department of Trade.

Moreover, the difficulty in obtaining information from a German banker and his presumed Japanese client suggests that a couple of foreign loops in such a circuit could suffice to insulate it against official penetration.

As the Inspector after all points out, Mr Rowland did not need to make any agreements or arrangements with anyone for his purpose - the Harrods demerger - to be advanced. It would be quite sufficient

to persuade potential buyers that there was gold at the end of the rainbow.

Offer documents

Neither of the offer documents dispatched yesterday, by Tate & Lyle and STC respectively, rivalled the Griffiths report for elegance or indeed the Lonrho papers for sheer pugnacity. They did, however, reveal an intriguing contrast in corporate finance style. The Tate missive was an old-fashioned and almost routine affair, highlighting the comparison between the dividend and earnings performance of Tate and Brooke Bond over the past five years, while taking the odd swipe at the tea company's strategy and underlining the financial effects of acceptance.

Yet, while Tate's graphs and tables looked reasonably persuasive, they would have been dullness itself next to a similar treatment of the STC and ICL records. ICL, after all, last £50m pre-tax as recently as 1981 and has never paid a proper dividend since. STC might legitimately have questioned ICL's strategic direction, while the increase in income for accepting ICL shareholders is no less than 90 per cent, compared with a humble 10.7 per cent round at Brooke Bond. All in all, the STC offer document was a merchant banker's dream.

But, oddly enough, all the ammunition is tucked away at the back of the document in his letter, the STC chairman mentions that ICL is in the computer business and expresses his high regard for the company, but otherwise scarcely discusses his target. The explanation for this understated approach may just lie in an accompanying letter which explains that the two companies are engaged in amicable and constructive discussion. It would hardly do to rock the boat at this stage.

There may be a comparable element of tactics in Tate's document, which is conspicuous by the ab-

sence of a profit forecast. This is doubtless being held back for the next offer document or, as the other side cheerfully point out, for Tate's own defence against a hostile bid.

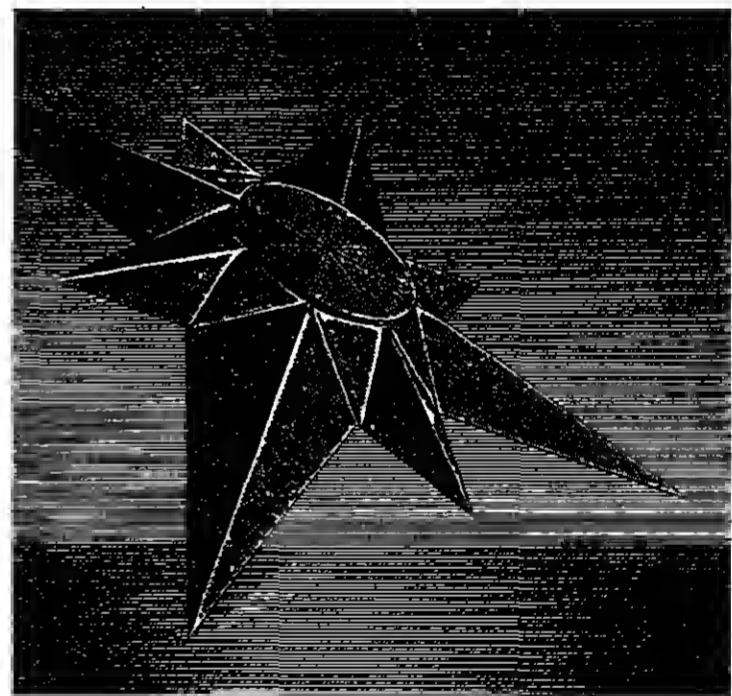
Royal Dutch/Shell

Shell's second quarter net income of £778m was at least 10 per cent shy of mainstream City estimates. But, whereas such a margin of error might suggest some fundamental problem in the case of a manufacturing company, with Shell a £100m shortfall over three months can easily be explained by a stroke of the accountant's pen.

And, sure enough, the accountants yesterday shouldered a portion of the blame. A high level of closing inventories and an unusual product mix seem to have reduced the group's stock profits to almost zero and upset the analysts' forecasts in the process. Yet the figures also reflect a much greater than expected squeeze on downstream profits outside North America. Shell appears to have had real difficulty in passing on the effects of higher local currency crude costs. As much as anything else, it was the expectation that these problems will persist well into the third quarter which caused the market to shave full year forecasts down to about £3.4bn-£3.5bn yesterday.

Elsewhere, the Shell machine looks as well lubricated as ever. Upstream earnings will suffer from maintenance work on Brent and the seasonal weakness of gas in the third quarter, but the final three months should be impressive and the group is still riding the cyclical swing in chemicals. The £3.2bn cost of buying the Shell Oil minority denied third quarter cash flow but the underlying trend is strong and, if Shell's own confidence about the oil market is vindicated, last night's share price of 610p may come to be seen as an unduly pessimistic indication of earnings and dividend prospects.

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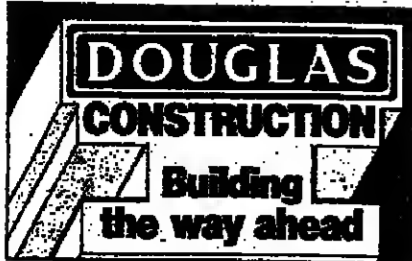
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SECTION II - COMPANIES AND MARKETS
FINANCIAL TIMES

Friday August 10 1984

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WALL STREET
Resurgence spurred by auction

CONFIDENCE in the outcome of the auction of 30-year Treasury bonds, due late in the trading day, led to a strong advance on Wall Street yesterday, writes Terry Byland in New York. Heavy buying of equities pushed the Dow average ahead by more than 31 points at one time.

come to Wednesday's auction of 10-year Treasury issues, where demand was sluggish and foreign interest difficult to identify.

The auction of 30-year bonds has been recognised as a significant test for the market's renewed confidence on the outlook for interest rates.

The blue chips which led last week's advance were back in demand yesterday. Favourable again were the Wall Street brokerage houses which have late to gain from a strong and active stock market.

The institutions were buyers of the wide range of leading issues. IBM, more than 10 per cent higher since the market upturn, gained \$1 to \$31 1/4.

Institutional activity was also disclosed by heavy block trading in the market leaders. Among those to appear in the list of block traders were Bristol-Myers, the drug group, National Semiconductor, American Motors, Arco Steel, LTV, the steel company, McGraw Hill and Hewlett-Packard.

Oil shares again featured in the buying lists. Mobil at \$27 was little changed but saw heavy turnover. Exxon gained \$ 1/4 to \$40 1/4 while Unocal, a constant bid hopeful, put on \$ 1/4 to \$39 1/4.

Airline stocks looked steadier after their shakeout. AMR, parent of American Airlines and a weak spot on Wednesday, traded actively, unchanged at \$27 1/4.

The jubilation in other market sectors was only marginally reflected in the

short-term credit markets where federal funds remained firm at 11 1/4 per cent.

Three-month treasury bills eased by six basis points to 10.39 per cent, and six-months by eight basis points to 10.48 per cent.

Confidence ahead of the auction was boosted by reports that a major New York brokerage house was offering London clients warrants to buy the new Treasury bond, which may offer anonymity for foreign investors.

EUROPE
Domestic matters dominate

MAJOR European markets were left largely unmoved yesterday by the overnight setback seen on Wall Street, with investors instead preferring to concentrate on the outlook for their domestic economies and the prospects for corporate wellbeing.

Analysts believe that, while the underlying trend of the European bourses is positive, they are unlikely to follow slavishly gyrations produced by the New York markets.

Indeed it might take a further surge, registering upwards of 20 points on the Dow Jones industrial average, for the Europeans to feel compelled to follow.

Meantime, yesterday's consolidation, following Wednesday's advance, was summed up by one observer as being a logical part of the "two steps forward, one step back," that is expected to see over the next few weeks.

The mood in Amsterdam was marked by besitancy ahead of the forthcoming batch of quarterly results, although some foreign demand was evident for selected issues. The ANP-CBS General index dipped 0.9 to 159.9 in this volume.

Royal Dutch, the first of the majors to result, added 40 cents in early trading but dropped back 10 cents to F1 158.50 as some disappointment was registered with its 25 per cent rise in second-quarter profits.

KLM shed F1 4.10 to F1 178.40 after the previous day's rise, and Unilever was F1 2.70 lower at F1 265.50.

The banking sector also displayed nerves ahead of results from AmRo Bank, after the bourse had closed. AmRo, itself, shed 30 cents to F1 56.80, while ABN fell F1 5.50 to F1 314.

Bonds were little changed, although an easier bias developed where prices moved.

Shares ended broadly lower in Frankfurt, with a 0.90 rise in the mid-session calculation of the Commerzbank index to 970 reflecting foreign demand for selected issues.

Siemens added DM 2.70 to DM 387.70 as it announced a DM 175m order for a transformer substation for Kuwait.

PKI added a further DM 7 to DM 477 after Wednesday's DM 24.20 surge.

Daimler with a DM 3 advance to DM 545 turned in the best performance in the motor sector.

Linde, the engineering group, shed DM 3 to DM 342 as it spelled out proposals to take over the bankrupt French fork-lift truck maker, Fenwick Manutention.

Deutsche Bank shed a further 50 pf to DM 329 in continued reaction to the conditions of its new DM 750m convertible bond issue. Dresner Bank, which had announced two Eurobond issues with warrants after Wednesday's house close, partly regained early losses to end DM 2 easier at DM 150.50.

Bonds firmed as the Bundesbank council left credit policies unchanged. The Bundesbank was able to sell a relatively high DM 66.2m of paper to balance the market, after its sales of just DM 14m the previous day.

A late improvement was seen in Paris, where many investors had remained on the sidelines after a half-point rise in call money rate to 11 1/4 per cent.

Oil prices proved one of the firmer sectors with Cie Francaise de Raffinage up FFr 2.80 to FFr 80 and Petroles BP adding FFr 2.50 to FFr 82.

A steady to lightly mixed trend emerged in Zurich. Swissair dipped SwFr 12 to SwFr 950 on profit-taking and in line with the airline sector in the U.S.

Bonds were mostly higher in fairly active trading despite the mixed trend on U.S. credit markets overnight.

Brussels firmed in light trading, while Milan was mixed and Madrid eased.

Stockholm was also lower while in an easier Oslo Norsk Hydro added Nkr 8 to Nkr 576 as it announced that it would decide by autumn whether to seek a listing on the New York Stock Exchange.

SOUTH AFRICA
A LETHARGIC bullion price forced Johannesburg gold shares to drift lower yesterday as foreign buyers were noticeably absent due to the steadier rand.

Buffs, unchanged at R72.50, was an exception to the downturn, which saw Free State Geduld lose all of the previous session's rise with a R1.50 fall to R50. In mining financials, Anglo American Corp lost 50 cents to R22.25, while diamond share De Beers slipped 25 cents to R9.

Industrials moved higher with leader Barlow Rand 5 cents up at R11.25.

TOKYO
Blue chips rekindle advance

BUYING of blue chips and biotechnology issues led the Tokyo equity market up yesterday for the first time in three days, despite Wall Street's overnight fall, writes Shigeo Nishizaki of Jiji Press.

The Nikkei-Dow market average rallied to 10,290.36, up 43.24 from the previous day, but volume weakened further to 187.97m shares from 207.82m. Advances outpaced declines 343 to 301, with 180 issues unchanged.

Equities opened lower, reflecting Wall Street's first drop in seven days, but firmed by mid-morning, fuelled by light purchases of blue chips. Nikko Securities said the increase in such blue chip purchases stemmed from investor confidence that Wall Street would gain ground towards the end of the week.

Car makers were among gainers. Honda Motor remained heavily traded on turnover of 4.48m shares, the day's third biggest, rising Y10 to Y1,420. Nissan Motor advanced Y37 to Y874, Mazda Motor Y4 to Y481 and Daihatsu Motor Y19 to Y414.

Sony shed Y70 to Y3,400, while Fuji Photo Film added Y70 to Y1,780, NEC Y50 to Y1,250 and Pioneer Electronic Y60 to Y2,810. The gains were the result of small-lot purchases and few sell orders.

Also on the bright side were small-capital electricals like Sanken Electric, up Y66 to Y985, Origin Electric, up Y53 to Y728, and Kokusai Electric, up Y110 to Y2,340. Some machinery makers banded with Amada climbing Y40 to Y1,270 on strong sales.

Among the incentive-backed stocks, Moringa surged Y27 to Y547 on volume of 7.07m shares, the day's largest. Moringa Milk rose Y31 to Y488 and Kureha Chemical Y50 to Y1,070.

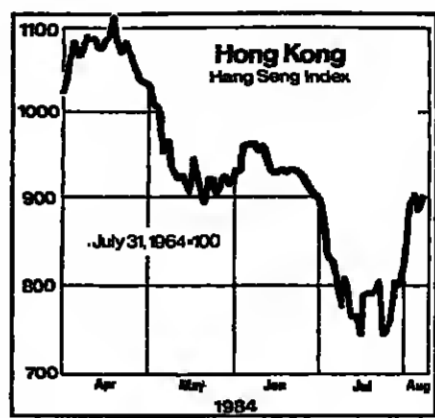
Mochida Pharmaceutical, which scored a maximum allowable daily gain of Y1,000 on Wednesday on reports of its anti-cancer drug development, plunged Y620 after the company denied the rumours. However, the share rebounded

later on active purchases by Daiwa Securities to close at Y8,780, off Y190.

Foreign investors placed sell orders for 12m shares with the "big four" securities companies against buy orders for 15m shares in early trading. Although foreign investors became net buyers, major securities houses said their investment in Japanese stocks still remained lacklustre.

The bond market firmed slightly after the yen's upswing against the dollar, with some trust banks and financial institutions related to agriculture and forestry buying 10-year government bonds worth Y1bn to Y2bn each.

The yield on the barometer 7.3 per cent government bond due January 1993 dropped 2 basis points to 7.28 per cent.



HONG KONG
OVERSEAS speculative buying based on hopes of a cut in local interest rates reversed early losses in Hong Kong and pulled the Hang Seng index back above the 900 level with a 7.03 rise to 901.16 after a 7-point drop in the morning.

Sentiment was firmed by the latest round of Sino-British talks on the future of the colony and news that the British monarch had been invited to China.

Pressure, however, developed on Cheung Kong, 5 cents down at HK\$8.10, and its subsidiary International City Holdings, 3 cents off at 41.5 cents, after the latter reported a large interim loss.

Among banks, Hang Seng rose HK\$1.25 to HK\$3.25, Hongkong Bank gained 10 cents to HK\$6.35, although Bank of East Asia dipped 5 cents to HK\$8.10.

Elsewhere, Hutchison Whampoa firmed 10 cents to HK\$10.60, and Jardine Matheson 5 cents to HK\$2.85. Markets in Singapore were closed for a holiday yesterday.

LONDON
Indifference to rate cut pressure

RENEWED pressure for lower interest rates found London markets generally displaying a mood of indifference yesterday.

Clients, however, responded to the prospect of cheaper money, and the £35-paid Exchange 11 per cent 1988 stock made a spectacular debut. The sale marked the day's high point for longs which soon afterwards encountered a bout of profit-taking. Prices surrendered gains of 1/2 to close fractionally easier, but shorts strengthened further, reflecting falling money market rates.

Disappointing corporate results reversed the heady advance in blue chip industrials, with Royal Dutch 1/4 down at £38 1/4 and BOC 17p off at 231p. Technical considerations were also a factor, today being the last session of the fortnightly trading account.

Wall Street's firmer early trend had no impact on the London close which saw the FT Industrial Ordinary index 11.9 down at the day's lowest of £27.1.

Chief price changes, Page 20; Details, Page 21; Share information service, Pages 22-23

AUSTRALIA
UNCERTAINTY in some overseas markets unnerved Sydney investors yesterday as shares opened weak, rallied and then eased. By the close the All Ordinaries index was 2.1 lower at 727.3.

Unconfirmed reports that BHP had made a new oil find initially boosted the stock, but it finished unchanged at A\$10.80. Most other oil-related shares turned down.

CANADA
GOLDS made a strong advance in Toronto yesterday, while oil and gas issues staged a similar if not as potent a rally. Base metal minings were a particularly weak spot in an otherwise firm market. Industrials proved to be the only major sector to display unease in Montreal, where utilities and banks made steady progress.

KEY MARKET MONITORS
Frankfurt Commerzbank, Paris CAC General, Dow Jones Industrial Average, FT-Industrial Ordinary Index (38-Share)

Table with columns for Stock Market Indices, Currencies, Interest Rates, U.S. Bonds, and Financial Futures. Includes data for New York, London, Tokyo, Australia, Austria, Belgium, Canada, Denmark, France, West Germany, Hong Kong, Italy, Netherlands, Norway, Singapore, South Africa, Spain, Sweden, Switzerland, and World.

Republic of Portugal
£15,000,000,000 Long Term Loan
£10,000,000,000 Term Loan With Floating Interest Rate
£5,000,000,000 Term Loan With Fixed Interest Rate
List of participating banks including The Sumitomo Bank, Limited, The Dai-ichi Kangyo Bank, Limited, The Tokai Bank, Limited, etc.

INTERNATIONAL COMPANIES and FINANCE

William Hall reports on a Wall Street securities firm's big management reshuffle
Playing leapfrog in the Phibro boardroom

IT IS three years since Phibro, the secretive commodity trading house, stunned the financial world with its \$550m takeover of Salomon Brothers...

commodity trading operation. The new group's headquarters were located at Phibro's old offices in New York's Avenue of the Americas...

about \$1.3bn of capital, the firm's share of total capital employed. Mr Gutfreund has few regrets about the takeover...

Moving people ahead in a business when you are in corporate form is easier than when you have partners with capital who must be rewarded in relation to their capital as well as their business contribution...

Mr Gutfreund says that he is sorry the matter was ever publicised and that it was just one of the many ideas any group thinks about during the course of business. He downplays the idea that he has just mounted a successful boardroom coup...

Merrill Lynch to raise \$450m

By William Hall in New York. MERRILL LYNCH, Wall Street's leading securities firm which recently reported a \$33m second quarter loss, is bolstering its capital position further with the announcement of a \$450m shelf registration...

Pharmacia earnings increase by 30%

BY DAVID BROWN IN STOCKHOLM. PHARMACIA, the Swedish pharmaceuticals and biotechnology group, reported a 30 per cent rise in profits after financial items for the first six months to SKr 315m (\$57.5m) compared with the previous year...

Growth stifled for Procter in quarter

By Terry Byland in New York. PROCTER & Gamble, the washing powder and toiletries group, is expecting a drop in earnings during the current year, said Mr Owen Butler, chairman, and Mr John Smale, chief executive of the Cincinnati-based company...

EBC to expand share dealing

BY MARGARET HUGHES IN LONDON. EUROPEAN BANKING Company (EBC), the merchant bank owned by the seven European members of Ebie, is set up an international share dealing operation...

EBIC team, which he expected would be brought together by the end of this year, will concentrate on international equities and those related to the industries in which it has specialised, namely energy and mining...

WestLB faces lower profits in full year

By Jonathan Carr in Frankfurt. WESTDEUTSCHE Landesbank (WestLB) is heading for somewhat lower profits this year than last, after a downturn in the first half caused by a slightly lower interest margin and business volume...

AmRo results hit by EAB downturn

By Walter Ellis in Amsterdam. AMSTERDAM-Rotterdam Bank (AmRo) reported first-half net income down 4.6 per cent this year to Fl 101m (\$30.8m) as a result of losses sustained by the European American Bank (EAB) in which it has a 17 per cent stake...

Aid move for Van Doorne

By Our Amsterdam Correspondent. SHAREHOLDERS in Van Doorne Transmissie, the siling Dutch gearbox designer and manufacturer, are expected to contribute Fl 15m (\$4.5m) to the company in a bid to see it through a period of reorganisation...

Co-op Bank announces a change in base rate from 12.00% to 11.50% p.a. On and after Friday 10th August 1984. Deposit rates will become 7 days notice 8.50% p.a. 1 month notice 9.25% p.a.

Domestic gains boost Woolworth

BY OUR NEW YORK STAFF. GOOD GAINS in domestic operations enabled F.W. Woolworth, the U.S. stores group, to lift second-quarter net income 16 per cent to \$19m from \$16m. Earnings per share showed a 24 per cent rise to 62 cents, from 50 cents, but were below market expectations...

at \$1.36m, against \$1.28m. At home they were up 12.5 per cent but showed slower growth overseas. The three months results pushed half-year net income 35 per cent ahead to \$23m from \$17m or to 72 cents, from 51 cents. Half-year sales were 6.8 per cent higher at \$2.08m with domestic turnover up 12.4 per cent. Foreign sales slipped 0.4 per cent, but at constant exchange rates were 5.5 per cent higher...

Lloyds Eurofinance N.V. (Incorporated in The Netherlands with limited liability) £200,000,000 Guaranteed Floating Rate Notes due 1996 (of which £150,000,000 are being issued as the Initial Tranche) Guaranteed on a subordinated basis as to payment of principal and interest by Lloyds Bank Plc

EDF U.S. \$300,000,000 Electricite de France Floating Rate Notes due 1995 and Warrants to Purchase U.S. \$150,000,000 10% Bonds due 1993

The Republic of France for the six months from 10th August, 1984 to 7th February, 1985 the highest rate of interest of 12% per annum. The interest payable on the relevant investment payment date, 11th February, 1985, against deposit of U.S. \$100,000,000.

Electricity Generating Authority of Thailand U.S. \$400,000,000 Guaranteed Floating Rate Notes due 1997

NIPPON CREDIT BANK (CURACAO) FINANCE N.V. U.S\$50,000,000 Guaranteed Floating Rate Notes Due 1990

THE NIPPON CREDIT BANK (CURACAO) FINANCE N.V. U.S\$30,000,000 Guaranteed Floating Rate Notes due 1997

Marconi looks to avionics growth By Robert Gibbens in Montreal. AVIONICS and systems for the military and commercial markets are the major growth areas for Canadian Marconi Company...

QUARTERLY RESULTS. SHARON Property development. Second quarter 1984 1983. Revenue 598.4m 484.7m. Net profits 44.5m 25.2m.

WAGO Steel products. Second quarter 1984 1983. Revenue 390m 194m. Net profits 17.1m 183.0m.

TRAVELLERS Multiple insurance. Second quarter 1984 1983. Revenue 2.6m 2.8m. Op. net profit 77.2m 75.2m.

NATIONAL Girobank. National Girobank announces that with effect from 9th August 1984. Base Rate. Its base rate was reduced from 12% to 11 1/2%.

BASE LENDING RATES. A.B.N. Bank 11 1/2%. Allied Irish Bank 12%. Amro Bank 11 1/2%.

INTL. COMPANIES & FINANCE

Debt deal reached by Jammal Trust Bank

By Tony Walker in Cairo. JAMMAL TRUST BANK, the Lebanese-owned bank, has finally reached an agreement on settling part of the US\$200m in outstanding debts which it owes to three Egyptian banks.

Asahi Glass lifts profits and sales

By Robert Cottrell in Tokyo

ASAHI GLASS, Japan's largest sheet-glass manufacturer, has reported interim parent company net profits of ¥12,980bn (\$83.4m) for the six months to June 30, a 16.4 per cent increase over last time, when the parent company reported net profits of ¥11,160bn.

Exports in the first half represented 7.3 per cent of total sales compared with 9.5 per cent in the first half of 1983.

Primary chlorides, solvents, increased. Ceramic operations (3.3 per cent of total sales) boosted sales 4.8 per cent, to ¥9,265bn; while sales of miscellaneous products including lenses, frames and health appliances rose 17.1 per cent, to ¥12,770bn, representing 4.5 per cent of total sales.

Thai state takeover of bank welcomed

By Boonsong K.Thana in Bangkok

THIS WEEK'S takeover of the Asiatrust Bank (ATB) by the Thai Government is being applauded by bankers as a timely intervention that would prevent any knock-on effect on the rest of the country's banking system.

Officials of the Bank of Thailand, the central bank, said difficulties of the family-run bank arose from the mismanagement of funding and its unprofessional operating system.

Under the agreement between the Finance Ministry and ATB's major owners, the Tarnvachikul family ownership of 51 per cent of the bank's shares has been transferred to the Ministry without payment plus another 24 per cent of the voting rights.

In return, the Ministry will provide soft loans and send in a management team to restructure the bank's operations.

The bank's registered capital would also be raised from the current 600m baht to 1bn baht (\$43.5m).

There has been hardly any run by customers to withdraw deposits from the bank, though reports of ATB's growing difficulties surfaced more than a week ago.

Singapore concern over new banking laws

By Chris Sherwell in Singapore

BANKERS and lawyers in Singapore are expressing increasing concern over the implications of two major pieces of legislation this year affecting the financial sector—amendments to the Banking Act were passed by parliament in March, and changes in the powers of the Monetary Authority of Singapore, the country's quasi-central bank, are contained in a Bill now before parliament.

The legislation, they suggest, could impair rather than enhance Singapore's status as an international financial centre, because it could deter banking and corporate business.

Like aspects of the Banking Act amendments, many appear simply to formalise the authority's standing as one of the most formidable banking regulatory agencies in the world. Indeed, to many bankers, consultations they would previously have initiated with the authority out of sheer prudence are now required by law.

But there is also considerable anxiety over proposals allowing the authority to offer banking services to companies in which the Government has a substantial interest and to its statutory bodies.

is directly in line with the Monetary Authority's traditional policy of protecting vulnerable individual investors—a policy also manifested in its strict control of new share issues by companies.

The changes in the powers of the Monetary Authority incorporated in an amendment Bill tabled in parliament last month, are also generating heated debate in Singapore's financial community.

Australian engineering group forges ahead

SYDNEY — Leighton Holdings, the Australian engineering group, yesterday announced a 51 per cent increase in profit for the year ended June 30 to A\$21.1m (U.S.\$17.6m) from A\$14m the year before.

Work in hand on June 30 was worth A\$553m and should provide a sound base for 1984-85 which is expected to be worth A\$548m on June 30 1983 was A\$484m.

Many bankers in Singapore are still not conversant with the new legal requirement but those who are suggest that it will not encourage the issuance of CDs in Singapore. The island state has long been regarded as a major centre of the CD market in Asia.

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Kingdom of Belgium U.S. \$300,000,000 Undated Floating Rate Notes In accordance with the provisions of the Notes, notice is hereby given that for the six months interest period from 10th August, 1984 to 11th February, 1985 the undated notes will carry an Interest Rate of 12 1/2% per annum.

Bankers Trust International Capital N.V. U.S.\$200,000,000 Guaranteed Floating Rate Subordinated Notes Due 1996 For the three months 10 August 1984 to 13 November 1984 the Notes will carry an interest rate of 12 1/2% per cent per annum and interest payable on the relevant interest payment date 13 November 1984 will be US\$318.32 per US\$10,000 note.

State Bank of New South Wales A\$40,000,000 12 1/2% Notes Due 1989 NOTICE is hereby given that interests in the temporary global note may now be exchanged for definitive bearer notes against presentation of certificates of non-U.S. beneficial ownership in the form obtainable from Morgan Guaranty Trust Company of New York, Brussels office, as operator of the Euro-clear System, Avenue des Arts 35, B-1040 Brussels, or CEDEL S.A., 27 Boulevard de la Woluwe, Luxembourg BP 1008. Such certificates must be presented and the exchanges made at the offices specified above.

As it happened, Rustenburg's fortunes did improve during the financial year to 30 June 1984 and the fact that demand improved, that Rustenburg's new pricing policy allowed it to enjoy a greater share in that increase than it otherwise would have and that on average the price of platinum (to which I refer later) received throughout the year showed a very small increase.

later - had continued to improve significantly and brought with it a better balance between supply and demand than was largely ignored and as I have said the platinum price was simply swept along in the wake of the gold price. That may not continue indefinitely if the economic recovery in the United States of America is sustained and the economies of the other industrialised countries of the Free World improve significantly as platinum has a much wider industrial base than gold.

SEK U.S. \$75,000,000 AB Svensk Exportkredit (Swedish Export Credit Corporation) Floating Rate Notes due 1987 and Warrants to purchase U.S. \$112,500,000 14 7/8% Bonds due 1990 In accordance with the provisions of the Notes, for the period 10th August, 1984 to 11th February, 1985 the Notes will carry an interest rate of 12 1/2% per cent per annum.

Merrill Lynch Overseas Capital N.V. (Incorporated with limited liability in the Netherlands Antilles) Guaranteed Floating Rate Notes due 1987 Unconditionally Guaranteed by Merrill Lynch & Co., Inc. In accordance with the terms and conditions of the above-mentioned Notes and Fiscal Agency Agreement dated as of April 15, 1981, between Merrill Lynch Overseas Capital N.V., Merrill Lynch & Co., Inc., and Citibank, N.A., notice is hereby given that the Rate of Interest has been fixed at 12 1/2% p.a. and that the interest payable on the relevant interest payment date, November 13, 1984, against Coupon No. 14 in respect of US\$5,000 nominal of the Notes, will be US\$159.16.

Rustenburg Platinum Holdings Limited (Incorporated in the Republic of South Africa) Chairman's Review by Mr G. H. Waddell The thirty-eighth annual general meeting of the company will be held in Johannesburg on 12 October 1984. Imports increased by 27.3 per cent over the period 1 January to 30 June 1984 to 4 246 000 from 3 335 000 in the same period in 1983. This resulted in a further increase in the orders placed on Rustenburg and this is likely to continue until March 1985 when one of the first of our major contracts for an automobile manufacturer comes to an end. It did not prove possible to reach agreement on mutually acceptable terms to enter into a new contract directly between Rustenburg and this automobile manufacturer but Rustenburg is likely to benefit indirectly to a number of ways.

UK COMPANY NEWS

R. Dutch/Shell second quarter rise

SECOND QUARTER net income of the Royal Dutch Shell Group advanced from \$621m to \$778m, pushing up the first-half 1984 figure to \$1.76bn, against \$1.13bn last time.

The improvement in second quarter income reflected higher equity crude oil production and better results from chemicals and other industry segments.

The weakness of sterling against the U.S. dollar and other major currencies, compared with the same period of 1983, also contributed positively to group sterling results. But reported manufacturing, marine and marketing earnings declined, and local currency margins were reduced by the strengthening U.S. dollar and keenly competitive markets in the quarter.

HIGHLIGHTS

After briefly looking at the latest moves on the interest rate stage Lex turns its attention to the John Griffiths report which, while essentially exonerating Lambo, reaches several ambiguous conclusions. The column then moves on to look at the second-quarter statement from Royal Dutch Shell where net income of \$778m is marginally disappointing but explained by much lower than expected stock profits and a severe squeeze on downstream margins in North America. Finally Lex compares and contrasts the two offer documents published yesterday—Lyle and Lyle's one for Brooke Bond and S7C's document in pursuit of ICL.

Parent companies' share in group net income for the half year and second quarter respectively were: Royal Dutch FI 17.45 (£1 10.85) and FI 7.50 (£1 6.17) and Shell Transport £1.32p (39.35p) and 27.1p (21.65p).

The improvement in the half-year net income reflected an 11 per cent increase in group equity crude oil production to 1.59m barrels daily and a 4 per cent higher natural gas sales volumes. Reported manufacturing, marine and marketing earnings were considerably higher, although earnings on a current cost of supplies basis, particularly outside North America, declined from the levels of the first half of 1983. Chemicals results showed a substantial improvement over 1983.

While Shell Oil's dollar net income for the second quarter rose by 7 per cent compared with the same quarter last year, its contribution to group sterling net income increased by 43 per cent to £249m. Of this, some \$42m was attributable to additional group interest acquired.

The improved manufacturing higher sales volumes of refined products and chemicals and a rise in production of crude oil and natural gas. Shell Canada's contribution to group sterling net income increased by 43 per cent to £249m. Of this, some \$42m was attributable to additional group interest acquired.

Corporate reorganisation and oil relocation.

Oil and gas earnings were \$908m in the second quarter of 1984 and \$1.82bn in the first half—increases of 6 per cent and 37 per cent respectively over the corresponding 1983 periods. On an estimated current cost of supplies basis, 1984 figures would be \$908m and £1.77bn—increases of 6 per cent and 6 per cent respectively.

Group equity crude oil production for the second quarter of 1984 rose by 6.5 per cent to 1.59m barrels daily. Natural gas sales were unchanged at 5.1m cubic feet daily.

Reported earnings from oil and gas exploration and production—excluding Shell Oil and Shell Canada—improved by \$99m to \$434m due to an increase of 73,000 barrels daily of crude oil production to 933,000 barrels daily, with a higher proportion from the UK North Sea, and the impact of a stronger U.S. dollar. Increased exploration and production acted as a partial offset to this improvement.

The group share of net production in the UK North Sea rose to 332,000 barrels daily (which was, however, lower than the first quarter of 1984 due to scheduled maintenance).

Natural gas sales volumes decreased by 3 per cent principally to declines of 11 per cent in the Netherlands and 19 per cent in the UK, partly offset by higher sales in West Germany and Sarawak. Dutch inland sales rose, but were more than offset by reduced export volumes. However, the effect of the overall volume decline was more than countered by improved European prices and favourable

exchange rate movements.

Shell Oil's crude oil and natural gas production increased by 4 per cent and 10 per cent respectively and natural gas selling prices were higher than in the second quarter of 1983. Despite these improvements, dollar earnings were 9 per cent lower, due to higher depreciation losses in aluminium have been reduced and profits increased in lead, zinc and copper operations.

Currency exchange losses of \$22m in last year's second quarter reversed to gains of \$76m before tax this time due mainly to the higher gains on group dollar funds. This arose from the devaluation of the U.S. dollar against sterling in the second quarter, compared with a depreciation a year ago, partially offset by losses in respect of certain group companies with dollar borrowings.

Other corporate expenses were \$166m higher at \$139m (£37m income) mainly due to a tax related to the currency gains experienced in the second quarter 1984, and Shell Canada's provision. The second quarter of 1983 also included the benefit of a secondment of certain tax provisions.

Capital expenditure and exploration expense at \$2.46bn for the half year was 10 per cent higher than in 1983. Dollar increased expenditure in the exploration and production sector partly offset by lower manufacturing and chemicals expenditure.

See Lex

from a greater reduction in unit proceeds than in raw material costs.

Chemicals earnings—excluding Shell Oil and Shell Canada—improved from \$5m a year ago to \$66m in the second quarter. Petrochemicals sales volumes were 8 per cent higher, and earnings reflected improvements in both prices and margins for most categories of products compared with second quarter 1983. The better results also reflected the effects of rationalisation and cost reductions.

Shell Oil's chemical earnings also improved significantly from \$55m to \$85m in the second quarter, reflecting particularly strong agricultural sales with volume gains in other products and generally higher selling prices.

Coal earnings showed little change at \$3m (£1m); although sales tonnages increased, coal market prices have declined with the second quarter 1983.

Metal earnings in the second quarter 1984 came out at \$1m (£22m losses), partly due to last year including a write-off following withdrawal from Australian nickel operations. Elsewhere losses in aluminium have been reduced and profits increased in lead, zinc and copper operations.

Current margins, expressed in dollars par barrel, deteriorated significantly, however, in the second quarter when compared with the same quarter in 1983. Continuing competitive pressure in markets prevented prices from rising sufficiently to compensate for higher local currency crude oil and oil products acquisition costs, caused by the strengthening of the dollar relative to most other currencies.

Margins also fell sharply, compared with the first quarter of 1984 largely due to an increase in supply costs.

Dollar earnings of Shell Oil's oil products segment declined slightly in the second quarter compared with the same period last year, as the increase in sales was more than offset by a lower margin, resulting

English Association plans £3m U.S. deal

By Alexander Nicoll

PLANS TO buy a half-share in a New York investment management company were announced by English Association Group. The merchant banking and financial services concern also reported virtually unchanged five-year pre-tax profits, but an 18 per cent drop after including a new \$350,000 loan provision.

The Association plans to buy 50 per cent of Train, Smith Counsel and its affiliated accountancy and broking companies. Mr John Train owns 75 per cent of Train, Smith, which manages funds totalling \$375m.

Mr Train, the author of several books on investment strategy, will become a director of English Association. He said yesterday that he plans to build up a substantial shareholding in the Association, beginning with the purchase of several hundred thousand shares over the next year or two and "perhaps quite a lot more later".

He said he had cleared this directorship and that his remark was not intended to have any market significance. He would buy on weakness, he said. The Association has the option to acquire a further 30 per cent for cash in 1988, and the remaining 20 per cent will be retained by Mr Train and his partners until his retirement. He is 56.

Mr Train estimates that his three companies will have pre-tax profits of \$1.4m in the year ending March 31, 1984. The Association reported pre-tax profits for the year ending June 30 1984 of \$1.95m (same). But a new \$350,000 general loan year ago has reduced pre-tax profits to \$1.6m.

Dividends take \$454,547 against \$487,866, leaving retained profits of \$615,597 (\$866,371). Earnings per share fall to 7.96p from 10.86p, after adjustment for a disguised rights issue.

Chairman Mr Arthur Parsons said income from all activities was higher but this was offset by lower return on liquid assets, higher interest charges on overdrafts and higher employment costs.

The loan provision was set aside because of growth of the Association's loan portfolio and foreign exchange business.

Shareholders who instinctively suspect basic subsidiaries "Investment Techniques That Really Work" will shudder at the English Association's link with Mr Train. You can not beat three-year performance of growth U.S. companies," he says. Perhaps, but those mindful of the Association's abortive venture into futures may be venturing the merits of this U.S. expansion. Pre-tax earnings hit by lower interest rates and the costs of expansion, are disappointing and have not been static for three years. The company's eye to winning full banking status—insists that its loan provision is simply prudent banking practice. Despite the doubts, the Association, with its rapidly expanded capital base, may be poised to repay shareholders' patience. It has a fast-growing interest rate business, based in Rochdale, its loan book has risen from \$44m to \$61m and is almost all below 12 months maturity, and its foreign exchange business is expanding. The share price was unchanged at 117p, on a multiple of 14.

Slower growth rate for BOC in third quarter

REPORTING FOR the nine months stage, the BOC Group reaffirms the forecast for a substantial increase in profits for the year to September 30 1984.

For the period ended June 30, profit before tax has advanced from \$64.5m to \$100.7m on a modified cost basis, and this is broadly in line with their expectations, the directors state.



Mr Richard Giordano, managing director and chief executive of the BOC Group.

For the previous full year the group made \$96m.

The profit for the third quarter shows a slowdown in the growth rate, amounting to \$28.6m against \$28.7m in the corresponding period last year. In the first quarter profit was up from \$16.6m to \$21.5m in the second from \$19.5m to \$23.5m.

The two major contributors continue to be the health care and, particularly, the industrial goods businesses. The directors report. While volumes in the carbon business were satisfactory, waaker pricing in the U.S. and the effects of the stronger dollar on exports depressed profitability. The waiting side continued to operate at a loss in the U.S. despite further cuts and restructuring.

In the nine months, turnover advanced from £1.22bn to £1.48bn and the operating profit from £108.2m to £156.2m. This was split geographically as to Europe \$51.5m (£38.3m), Africa \$15.5m (£13.6m), Americas \$54.4m (£38.6m) and Asia/Pacific \$24.5m (£27.8m).

Pre-tax profit has been pushed up by \$6.1m as a result of changes in exchange rates over the 12 months to June 30. The profit was struck after depreciation of \$132.4m (£112.1m), including additional charge on a replacement cost basis of \$24.2m (£33.3m) and the current cost of goods sold, and interest charges \$58.8m (£43.5m) and taking in this time \$2.3m realised stock holding gains.

After tax \$25.9m (£16m) and minorities £10.6m (£10.2m), net earnings came to \$64.2m (£38.6m). Undistributed they are equal to 16.53p (10.59p) per share and fully diluted to 14.91p (9.65p). The tax charge has been reduced by \$5.6m (£3.4m) for transactions under the U.S. Tax Equity and Fiscal Responsibility Act. After that item, the overseas tax provision was \$17.2m (£13.4m).

BOC's figures are disappointing. Whereas the market might have been anticipating a profit of \$150m or so for this year, the revised down to between \$135m to \$140m. Despite earlier hopes, those two long running trouble spots of U.S. welding equipment and carbon graphite continue to detract from some very good figures from the core operation of industrial goods and the up and coming health care business. Demand for welding equipment from the U.S. heavy capital goods sector is soggy and if BOC gets out with a loss of \$10m or less for the year it will have done well. But BOC might do better to rid itself of this business altogether. As for carbon, the best that can be said is that it is still profitable. The strong dollar has cost it in export markets while the Japanese have attacked its domestic base. For the year profits might come out around \$10m but that is slim return on capital employed of over \$370m and BOC still has everything to prove to the cynical eyes of the City. After yesterday's 17p fall to 231p where the p/e is 8 1/2 the price could never be argued as looking expensive but confidence is dented and it needs positive action towards the trouble spots (a disposal?) to swing sentiment.

Tax slices into Ultramar's midterm spurt

GOOD PROFITS from the producing operations in Indonesia and the North Sea, and an improved yield pattern at the Quebec refinery, have pushed the Ultramar group to a pre-tax profit of \$115.8m in the first half of 1984, compared with \$79.2m in the same period last year.

Higher tax has taken its toll and the net profit is some \$19m up at \$92.2m. Earnings per share at this petroleum exploration and development group rose from 15.6p to 23.1p, and the interim dividend is effectively lifted to 3.5p (3p). Cash flow from operations in the period expanded from \$60.2m to \$104.5m, and capital expenditure rose from \$174m to \$227m.

\$47m as an estimate of the insurance proceeds applicable to that date.

Turnover in the half year reached a record £1.5bn (£824m) and from this came a gross pre-tax profit of £201.5m (£108.9m). Interest charges were up to \$34.2m (£9.9m) and the tax provision increased to \$22.5m. For the full year 1983 sales were \$2.05bn, profit before tax was \$155.2m and the net balance \$122.1m. The insurance proceeds were excluded from the full accounts. The average oil production from the North Sea, Indonesia, Western Canada and the U.S. reached a best ever of

254,000 barrels per day of oil and 254.4m cu ft per day of gas. Sales of crude oil and petroleum products were 308,300 barrels per day.

The main exploration success in the period was gas discovery in UK block 49/5 in the southern North Sea, in which the group has a 40 per cent interest and is the operator.

Referring to the acquisition of nearly 51 per cent of Enstar Corporation by Ultramar Company (which is a joint partner with Allied Corporation), Ultramar says it gives a stake in a significant spread of U.S. producing properties and ex-

ploration acreage, and increases its overall oil and gas production which at present is not in balance with refining and marketing activities.

After stripping out the proceeds of the insurance claim, Ultramar's second quarter results—the first since the comprehensive performance which again highlights the question mark over the company's heavy investment in downstream activities, particularly in the oil refining in Canada. All told, about half the company's assets are now tied up in non-core downstream assets, which gives a lopsided earnings profile and explains the stock's low rating. While the court markets remain tough there will be no improvement, which means that the company will have to continue to rely on the more lucrative Indonesian operations. Meanwhile, the acquisition of Enstar will have little effect in the short term. It will add to the company's production account and have a marginal impact on curing the imbalance between oil/gas production and refining/marketing activities. With additional LNG deliveries coming up it looks as if Ultramar could do a little better in the second half. Assuming around \$125m net for the year, the share price rises to 255p, selling on a prospective multiple of 5.

About 45 per cent of the operating profit was derived from Indonesia and 35 per cent from the UK. The Western Canadian producing division and the marketing operations in California, the UK and North Eastern United States made minor contributions; but the Eastern Canadian division, the international trading activities and shipping operations were adversely affected by weak market conditions.

The half year results include a \$13.8m (£10.1m) settlement of the business interruption insurance claim in respect of the Indonesian LNG plant accident which occurred last year. The corresponding figures included

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding period	Total dividend for year	Total dividend for year
Allied Leather	3.75	Oct 12	3.75	7.25p	5.5
East Lanes Paper	nil	—	1.86	—	2.5
Foreign & Colonial Inv	0.88	Oct 1	0.75	2.38	2.38
Hambro Trust	4.5	Oct 21	6.11	6.62	6.62
Heywood Williams	2.27	Oct 1	2	5.5	5.5
Molybdenum Rubber	nil	—	20	15	30
Kuala Selangor	nil	—	9.1	4.5	13.5
Rea Brothers	0.45	Oct 11	0.45	—	1.25
TV	3.5	Oct 11	3.5	—	10
Ultramar	3.5	Oct 12	3	—	8.5
Joseph Webb	0.38	Oct 1	0.38	0.51	0.51

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issues. † On capital increased by rights and/or acquisition issues. ‡ Unquoted stock. § Unquoted stock. ¶ Includes second interim to cover 15 month period. || On 10p shares.

COMPANY NEWS IN BRIEF

The directors of the Park Lane Hotel say unaudited profits for the year to the end of March of 7.9 for the corresponding period of last year.

Trading conditions have been favourable, but the results are also due to the improving potential profitability of the hotel brought about by the extensive improvement programme, which is proceeding in earnest.

The board, therefore, has declared an interim dividend of 2p.

Prospects for the full year at Brown and Tawse, pipalana and steel product distributors, look very promising, Mr Douglas Rae, the chairman, said at the annual meeting.

He added: "Sales for the first

and oil palm fruit production in Malaysia. The pre-tax figure was \$171.000 (£14,000) and investment income of £17,000 (£31,000).

There was a tax charge of \$91,000 (£9,000). Earnings per share rose to 114.1p (42.1p).

Pre-tax profits at Kuala Selangor Rubber have moved up from \$34,000 to \$54,000 for 1983. Turnover rose from \$749,000 to \$836,000.

A full final has been declared making 5p. The year's dividend was 13.5p previously, but the share structure of the company has been reorganised following the takeover by Harrisons Malaysian Plantations. Unquoted shares of 10p were subdivided into 1p, £7,750 was capitalised and 775,000 new ordinary 1p shares were issued in proportion of one new 1p share for each 10p share on June 16 1984.

For the year earnings per stock unit rose as rising from 20.02p to 28.32p.

Some improvement has been shown in pre-tax profits at Rea Brothers for the first half of 1984, against the same period last year, say the directors. They have recommended a same-again interim dividend of 0.45p net. In the last full year a final of 0.8p was also paid.

Sir Walter Salomon has retained his post as chairman and has accepted the position of president. He has been succeeded by Sir Malcolm Wilcox as chairman. Mr W. J. A. Dacombe has joined the board as chief executive.

Pre-tax profits at William Jackson and Son improved for the 53 weeks to April 28 1984, on turnover up from \$483,000 to \$543,000. There is no final dividend (20p) making a total of 15p (30p) for the year.

The company, whose ultimate holding company is Harrisons and Crossfield, carries on rubber

Allied Leather tops £2m—plans demerger

A SUBSTANTIAL increase in taxable profit to £2.19m for the 15 months period ended March 31 1984, has pushed Allied Leather Industries up to £2.19m (£1.19m) in the same period last year.

Mr F. W. Watson, the chairman, warns, however, that the unusually dry weather experienced since March will adversely affect the trading profit of the shoe repair sector for the current six months period.

The comparable profit figure is £1.75m for the 15 months to December 31 1982, following a change of accounting period. The directors are to recommend a dividend of 10p (£0.10) per share, which raises the total from 5p to 7.5p. The company has also

Hambro Trust earns more and raises payment

Hambro Trust, the investment holding company which has shares in Hambros as its principal asset, raised net profits from \$975,000 to \$1,080m for the 12 months ending June 30 1984.

The final dividend is stepped up from 4.03p to 4.52p net, raising the total payment from 6.82p to 6.11p per 25p share. Earnings per share, based on profit on ordinary investments, is 10p (9.25p) or 13.01p (10.24p) after investment gains.

The company's share of profits after investment gains and extraordinary items of Hambros, slipped from £2.16m to £1.79m. The share of amounts not distributed by related companies was \$68m (£1.32m), while income from shares in Hambros—its listed related company—rose to £1.29m (£1.17m).

Other income, less expenses, added \$68,000 (\$73,000).

HEYWOOD WILLIAMS GROUP PLC Higher Profits and Dividend

■ Turnover increased by 30% and pre-tax profit by 20% over the same period in 1983.

■ The interim dividend is raised by 10% to 2.2p (net) per share payable on the ordinary share capital increased by last November's Rights Issue.


■ In the extremely competitive conditions in the glass and aluminium markets, margins have been under pressure, while site delays have moved major contracts in the window and glazing companies into the second half of the year.

■ The Group's second half trading is traditionally more buoyant and this pattern is expected to remain unchanged.

INTERIM STATEMENT

	6 months to 30 June 1984	6 months to 30 June 1983	Year to 31 Dec 1983
Turnover	£'000	£'000	£'000
Profit before taxation	25,421	19,523	43,070
Profit attributable to shareholders	963	909	2,064

Copies of the Interim Statement are available from the Secretary, Bayhall, Huddersfield, West Yorkshire HD1 5EJ.



Results for the Year to 31st March, 1984

	Year ended 31st March 1984	1983
Turnover	48,138	45,737
Profit before Taxation	7,386	6,861
Profit retained in the Business	1,442	2,766
Earnings per Share	4.60p	4.84p
Dividend per Share	1.725p	1.552p
Dividend Cover	2.47	3.11
Net Assets per Share	83p	62p

★ Dividend up 7.7%.
★ Sales of draught Pedigree and Marston's lager beer continue to grow.
★ Amalgamation of Border Breweries is proceeding well.

Marston, Thompson & Evershed p.l.c.
Burton upon Trent



Royal Dutch/Shell Group of Companies

Results for First Half 1984

An interim report by Royal Dutch Petroleum Company and The "Shell" Transport and Trading Company, p.l.c. on the results of the Royal Dutch/Shell Group of Companies, in which their interests are 60% and 40% respectively.

Net income of the Royal Dutch/Shell Group of Companies for the second quarter 1984 was £778 million compared with £521 million in the same period in 1983. Net income for the first half of the year was £1,760 million against £1,129 million for the first half 1983.

The improvement in second quarter Group net income reflected higher equity crude oil production and better results from chemicals and other industry segments. The weakness of sterling against the US dollar and other major currencies in comparison with the same period in 1983 also contributed positively to Group sterling results. However, reported manufacturing, marine and marketing earnings declined as local currency margins were reduced by the strengthening US dollar and keenly competitive markets during the quarter.

For the first half year 1984 the improvement in Group net income reflected an 11% increase in Group equity crude oil production to 1,591,000 barrels daily and 4% higher natural gas sales volumes. Reported manufacturing, marine and marketing earnings were considerably higher, although earnings on a current cost of supplies basis, particularly outside North America, declined from the levels of the first half of 1983. Chemicals results showed a substantial improvement over 1983.

While Shell Oil's dollar net income for the second quarter rose by 7% compared with the same quarter last year, its contribution to Group sterling net income increased by 43% to £249 million. Of this, some £142 million is attributable to the additional Group interest acquired (see note 2). The improved earnings reflect higher sales volumes of refined products and chemicals and a rise in production of crude oil and natural gas. Shell Canada reported a small loss for the quarter after making a provision relating to the announced corporate reorganization and office relocation.

Funds generated amounted to £4,173 million for the half year, compared with £3,338 million in 1983. Current assets net of current liabilities (excluding short-term debt, cash and short-term securities) declined by £700 million over the first half of 1984, due principally to an increase in current taxation payable resulting from higher equity crude production, partly offset by an increase in inventories. The acquisition cost of additional shares in Shell Oil amounted to £3,234 million. Capital expenditure and exploration expense at £2,458 million for the half year was 10% higher than last year, with increased expenditure in the exploration and production sector partly offset by lower manufacturing and chemicals expenditure.

The current weakness in spot oil prices is caused by oversupply reaching the market at a time when demand is seasonally at its lowest point. However, the general demand trend is improving, and the overall supply position is expected to come into balance. Consequently, as the year progresses the market should become firmer.

August 9, 1984

Statement of income

	Second Quarter		First Half	
	1983	1984	1983	1984
	£ million			
Revenues				
Sales proceeds and other operating revenues.....	14,661	17,183	29,591	34,754
Less Sales taxes, excise duties and similar levies	2,252	2,525	4,339	4,861
	12,409	14,658	25,252	29,893
Share of earnings of associated companies.....	134	202	382	506
Interest and other income.....	133	156	254	327
	12,676	15,016	25,888	30,726
Costs and expenses				
Purchases and operating expenses.....	9,064	10,779	18,630	21,837
Selling, general and administrative expenses.....	965	1,092	1,883	2,056
Exploration.....	199	213	403	404
Research and development.....	87	80	175	158
Depreciation, depletion and amortization.....	508	919	1,045	1,225
Currency exchange losses/(gains).....	39	(86)	(52)	(90)
Interest expense.....	140	160	313	300
Taxation.....	970	1,329	2,226	2,834
Income applicable to minority interests.....	83	52	138	132
	12,055	14,238	24,759	28,966
Net income for the period.....	621	778	1,129	1,760

Notes

- Financial:**
- Accounting policies for the first half 1984 are unchanged from those set out in the Royal Dutch and Shell Transport 1983 Annual Reports (pages 28 and 29).
 - The amount recorded in the Summarized statement of assets and liabilities as 'Additional interest in Shell Oil', represents the excess of the cost of the additional shares acquired, based on the number tendered and not rescinded by July 30, 1984, over the amount of the minority interest in respect of those shares.
 - The final determination of this item and its eventual treatment, including amortization, remains outstanding due to the incomplete status of the transaction.
 - For the purpose of the Statement of Income and Earnings by industry segment, a weighted average shareholding has been used to apportion Shell Oil's income for the second quarter 1984, reducing the minority interest accordingly.
- Taking account of rescissions the Group shareholding as at June 30, 1984 was 94.8% and the weighted average for the second quarter was 83.7%. For the comparative period the shareholding was 69.4%.
- The Statement of source and use of funds reflects movements in funds of Group companies as measured in their own currencies, translated into sterling at average rates of exchange for the quarters in question, and therefore excludes currency translation differences.
 - In this statement, long-term debt includes capitalized lease obligations and also the short-term part of each (i.e. that part repayable within one year). It represents net borrowings net of repayments and currency exchange effects.
 - For illustrative purposes, to establish the division of income between Royal Dutch and Shell Transport, the percentage of net income applicable to them for the year 1983 has been used Royal Dutch 61.5%; Shell Transport 38.5% (see 1983 Annual Reports, page 33 - Notes 2 and 3 to the financial statements of the Royal Dutch/Shell Group of Companies).
- Royal Dutch guilders are translated from the underlying sterling at average rates for the quarters in question; Royal Dutch and Shell Transport dollars are translations of the respective underlying guilders or sterling at average rates for the quarters in question.
- Operational data:**
- The figures shown in these tables represent the totals reported by Group companies (in which there is a minority interest), reflecting their dealings with third parties and with associated companies (in which the interest is 50% or less); net equity production and natural gas sales, however, include the Group share of associated companies.
 - Production of crude oil and natural gas liquids from gas fields is included in net equity production.
 - Net equity production, refinery processing intake and oil sales include natural gas liquids.

Financial data

	Second Quarter		First Half	
	1983	1984	1983	1984
	£ million			
Statement of source and use of funds (Converted at average rates of exchange - see note 3)				
Funds generated:				
Net income, for the period.....	621	778	1,129	1,760
Income applicable to minority interests.....	83	52	136	132
Depreciation, depletion and amortization.....	508	919	1,045	1,225
Provision for deferred taxation.....	125	104	632	323
Current assets and current liabilities (excluding short-term debt, cash and short-term securities).....	375	190	262	700
Dividends of associated companies more/(less) than earnings.....	48	49	97	82
Other.....	53	(20)	15	(89)
	55	49	22	30
	1,868	1,828	3,338	4,173
Funds applied:				
Capital expenditure.....	1,011	1,115	1,826	2,054
Capitalized leases.....	2	-	3	-
Acquisition of additional shares in Shell Oil.....	77	3,234	143	115
Net investments in associated companies.....	425	515	425	515
Dividends paid: to Parent Companies.....	25	13	57	48
to Minority Interests.....	1,540	4,940	2,454	5,968
Surplus/(deficit) before financing transactions.....	328	(3,112)	884	(1,793)
Net increase/(decrease) in: Long-term debt.....	(42)	(22)	111	(48)
Short-term debt.....	160	71	(50)	(143)
Increase/(decrease) in cash and short-term securities.....	446	(3,063)	945	(1,985)
Capital expenditure and exploration expense				
Capital expenditure:				
Oil and gas: Exploration and production.....	568	756	1,017	1,341
Manufacturing.....	134	118	259	229
Marine.....	12	8	18	16
Marketing.....	118	105	184	174
Total oil and gas.....	832	985	1,476	1,760
Chemicals.....	94	88	178	143
Coal.....	11	12	23	19
Metals.....	50	28	111	97
Research.....	18	15	25	25
Other.....	6	7	13	10
	1,011	1,115	1,826	2,054
Exploration expense:				
Oil and gas.....	192	208	389	393
Coal.....	1	1	4	3
Metals.....	5	4	9	7
Other.....	1	-	1	1
	199	213	403	404
Total capital expenditure and exploration expense by geographical area:				
Europe.....	336	346	815	584
Other Eastern Hemisphere.....	209	219	410	385
USA.....	485	621	840	1,136
Other Western Hemisphere.....	168	136	348	327
Marine (oil and gas, and coal).....	12	6	16	18
	1,210	1,328	2,229	2,458

Summarized statement of assets and liabilities

	Second Quarter		First Half	
	1983	1984	1983	1984
	£ million			
Property, plant & equipment - net.....	24,460	28,074	30,683	30,884
Additional interest in Shell Oil (see note 2).....	-	1,185	-	-
Investments and other long-term assets.....	3,055	3,772	3,055	3,772
	27,515	33,031	33,738	34,656
Current assets:				
Inventories.....	5,914	8,814	5,914	8,814
Accounts receivable.....	8,355	7,267	8,355	7,267
Cash and short-term securities.....	5,017	4,073	5,017	4,073
	17,286	18,154	17,286	18,154
Current liabilities:				
Accounts payable and accrued liabilities.....	6,432	7,567	6,432	7,567
Taxation payable.....	1,039	2,456	1,039	2,456
Short-term debt*.....	2,810	2,532	2,810	2,532
	10,081	12,555	10,081	12,555
Excess of current assets over current liabilities.....	7,205	5,599	7,205	5,599
Total assets less current liabilities.....	34,720	38,630	40,943	40,255
deduct:				
Deferred taxation and other long-term liabilities.....	6,748	8,286	6,748	8,286
Long-term debt and capitalized lease obligations.....	7,163	7,140	7,163	7,140
Minority interests.....	2,540	964	2,540	964
	16,451	16,390	16,451	16,390
Net assets.....	18,269	22,240	24,492	23,865

* including the short-term parts of long-term debt and capitalized lease obligations

Operational data

	Second Quarter		First Half	
	1983	1984	1983	1984
	thousand barrels daily			
Crude oil supply				
Net equity production:				
Europe.....	351	434	387	451
Other Eastern Hemisphere.....	513	532	481	548
USA.....	527	537	522	532
Other Western Hemisphere.....	40	49	41	50
Total net equity production.....	1,431	1,552	1,431	1,581
Purchases.....	2,272	2,784	2,228	2,864
Total crude oil supply.....	3,703	4,336	3,659	4,445
Refinery processing intake				
Europe.....	1,270	1,416	1,340	1,477
Other Eastern Hemisphere.....	606	578	604	598
USA.....	912	899	878	908
Other Western Hemisphere.....	455	410	454	419
	3,243	3,303	3,276	3,402
Oil sales				
Gasolines.....	1,486	1,521	1,426	1,488
Kerosines.....	381	419	380	450
Gas/Diesel oils.....	972	997	1,031	1,067
Fuel oil.....	729	813	766	871
Other products.....	455	458	451	461
Total oil products*.....	4,023	4,208	4,054	4,337
Crude oil.....	816	1,041	765	1,161
Total oil sales.....	4,839	5,249	4,819	5,498
comprising:				
Europe.....	1,321	1,354	1,330	1,391
Other Eastern Hemisphere.....	797	844	814	881
USA.....	935	956	934	980
Other Western Hemisphere.....	550	538	543	550
Export sales.....	420	518	433	535
Natural gas sales				
	million cubic feet daily			
Europe.....	2,508	2,280	3,287	3,280
Other Eastern Hemisphere.....	734	870	680	851
USA.....	1,330	1,445	1,372	1,452
Other Western Hemisphere.....	528	482	607	541
	5,100	5,087	5,946	6,124
Chemicals sales proceeds				
	£ million			
Europe.....	565	651	1,114	1,295
Other Eastern Hemisphere.....	106	138	211	264
USA.....	507	636	999	1,198
Other Western Hemisphere.....	72	89	142	173
	1,250	1,524	2,466	2,930
Parent Companies' share in Group net income:				
	per Ordinary Share			
Royal Dutch..... N.I.	6.17	7.60	10.93	17.45
US dollar equivalents..... \$	2.21	2.50	3.99	5.74
(based on 268,037,044 shares of N.I.10 outstanding at June 30, 1984)				
Shell Transport..... pence	21.65	27.10	39.35	61.32
(based on 1,104,834,414 shares of 25p outstanding at June 30, 1984)				
New York Share equivalents..... \$	1.34	1.52	2.42	3.49
(one New York = four 25p Shares)				

Earnings from operations by industry segment

Oil and gas

Earnings were £808 million in the second quarter 1984 and £1,818 million in the first half 1984, increases of 6% and 27% respectively over the corresponding 1983 periods. On an estimated current cost of supplies basis the 1984 figures would be £804 million and £1,769 million, increases of 6% and 8% respectively.

Exploration and production

Group equity crude oil production for the second quarter 1984 rose by 8.5% to 1,552,000 barrels daily; natural gas sales volumes were unchanged at 5.1 billion cubic feet daily.

Reported earnings from oil and gas exploration and production, excluding Shell Oil and Shell Canada, improved by £25 million due to an increase of 11% in equity crude oil production to 933,000 barrels daily, with a higher proportion from the UK North Sea, and the impact of a stronger US dollar. Increased exploration expenses acted as a partial offset to the improvement.

The Group share of net production in the UK North Sea increased by 78,000 barrels daily to 332,000 barrels daily (which was, however, lower than the first quarter 1984 due to scheduled maintenance). Natural gas sales volumes decreased by 3% due principally to declines of 11% in the Netherlands and 18% in the UK, partly offset by higher sales in West Germany and Sarawak. Dutch inland sales rose, but were more than offset by reduced export volumes. However, the effect of the overall volume decline was more than countered by improved European prices and favourable exchange rate movements.

Shell Oil's crude oil and natural gas production increased by 4% and 10% respectively and natural gas selling prices were higher than in the second quarter 1983. Despite these improvements, dollar earnings were 9% lower, due to higher depreciation, depletion and amortization and the inclusion of a retroactive Windfall Profit Tax credit in the second quarter 1983.

Manufacturing, marine and marketing

Excluding Shell Oil and Shell Canada, reported manufacturing, marine and marketing earnings for the second quarter 1984 were £52 million as compared with £134 million for the same period last year, despite a 5% increase in total oil products sales volumes. Inland trade product volumes increased by 2% compared with second quarter 1983, with all main products showing gains. Utilization of primary distillation capacity improved to 72% compared with 69% a year ago.

Current margins, expressed in dollars per barrel, deteriorated significantly, however, in second quarter 1984 when compared with the same quarter in 1983. Continuing competitive pressure in markets prevented prices from rising sufficiently to compensate for higher local currency crude oil and oil products acquisition costs caused by the strengthening of the dollar relative to most other currencies.

As compared with first quarter 1984 margins also fell sharply, largely due to an increase in supply costs.

The dollar earnings of Shell Oil's oil products segment declined slightly in the second quarter 1984 compared with the same period last year, as the increase in sales volumes was more than offset by a lower margin resulting from a greater reduction in unit proceeds than in raw material costs.

Chemicals

Chemicals earnings, excluding Shell Oil and Shell Canada, have improved from £5 million a year ago to £48 million in the second quarter 1984. Petrochemicals sales volumes were 6% higher, and earnings reflected improvements in both prices and margins for most categories of products compared with second quarter 1983. The better results also reflected the effects of rationalization and cost reductions.

Shell Oil's chemical earnings also improved significantly from \$5 million to \$58 million in the second quarter, reflecting particularly strong agricultural sales with volume gains in other products and generally higher selling prices.

Other industry segments

Coal earnings showed little change from a year ago; although sales tonnages increased, coal market prices have declined compared with the second quarter 1983.

Metals earnings in the second quarter 1984 improved by £24 million in comparison with the second quarter 1983, partly due to the latter including a write-off following withdrawal from Australian nickel operations. Elsewhere losses in aluminium have been reduced and profits increased in lead, zinc and copper operations.

The improvement in 'other' earnings reflects the inclusion in second quarter 1983 of an exceptional charge of £36 million relating to nuclear operations.

Corporate items

Currency exchange losses of £35 million in the second quarter 1983 reversed to gains of £76 million before tax in the second quarter 1984 due mainly to the higher gains on Group dollar funds arising from a significant appreciation of the US dollar against sterling in the second quarter compared with a depreciation a year ago, partially offset by losses in respect of certain Group companies with dollar borrowings.

Other corporate expenses were £166 million higher mainly due to taxation related to the currency gains experienced in the second quarter 1984, and Shell Canada's provision. The second quarter 1983 also included the benefit of a reassessment of certain tax provisions made in prior periods.

	Second Quarter		First Half	
	1983	1984	1983	1984
	£ million			
Oil and gas:				
Exploration and production:				
Group excluding Shell Oil and Shell Canada.....	339	434	788	936
Shell Oil and Shell Canada.....	248	256	470	495
Manufacturing, marine and marketing:				
Group excluding Shell Oil and Shell Canada.....	134	62	156	297

UK COMPANY NEWS

Dividend omitted at East Lancs Paper

A DISAPPOINTING half-year to June 30 1984 at the East Lancashire Paper Group saw a pre-tax loss of £9,000, compared to a £356,000 profit last time.

Doubled profit and interim from TI

FIRST-HALF 1984 figures from the TI Group show that its profit recovery is continuing. Shareholders are participating in the improvement as their interim payments are double to 5p net.



Mr. Ronald Utiger, chairman of TI Group.

principal challenges for this business. Most of the specialised engineering companies continued to make progress, producing sales of £160.4m (£143.3m) and profits £9.2m (£7.5m).

and minorities of £300,000 (£200,000), net earnings for the first half came out at £5.8m (£3.5m), equal to 14.8p (5.9p) per share.

Foreign & Colonial influenced by dollar

GOOD dividend increases in the portfolio and a lower gearing enabled Foreign & Colonial Investment Trust to lift its net revenue from £2.87m to £3.23m in the first half of 1984.

Rustenburg on the right lines

A GENERALLY confident air pervades the annual statement of Mr Gordon Waddell, chairman of South Africa's Rustenburg Platinum Holdings. He expects "a further improvement in the rand profits of Rustenburg".

Granville & Co. Limited

Table with columns: 1983-84 High Low Company, Price Change, Gross Yield, P/E, Fully Taxed.

Heywood Williams reaches £1.2m midway

HELPED BY interest charges halved to £118,000 as a result of the proceeds from last November's rights issue, Heywood Williams Group pre-tax profits have increased by 20 per cent to just £1.2m for the six months to June 30 1984.

ordinary debit £11,000 (nil), net profit emerged at £963,000 against £909,000. The increased dividend took £64,000 more at £24,000, with the company retaining £10,000 less at £79,000.

Palabora expects lower profit in second half

THE Rio Tinto-Zinc group's South African copper-producing Palabora has had a good 1984 first-half thanks to increased sales of its by-products.

Tin outputs for July

Table with columns: Tin Concentrate output, Tin concentrates, Tin metal, July, August, May.

COMPANY NEWS IN BRIEF

IN reporting a pre-tax profit of £113,000 for the 17-month period to April 30 1984, Mr Michael Charlton, chairman of Bourne-mouth-based Gies Air Aviation, states that the company will continue to achieve growth both from within and from taking advantage of potential acquisitions.

to March 31 1984 the group reported a sharp rise in taxable profit from £15.5m to £2.85m. The directors estimate in the accounts that the original site of the group's offices, in Silver Street (now New Broadmead), Bristol, currently under development, will have a value of not less than £7.25m.

The Lombard 14 Days Notice Deposit Rate is 11 1/4%. The Lombard Cheque Savings Rates are 10 3/4% and 8 3/4%.

LABROKE INDEX Based on FT Index 831.825 (-2) Tel: 01-493 5261

Citicorp Overseas Finance Corporation N.V. Guaranteed Floating Rate Subordinated Notes Due 1996. Unconditionally guaranteed on a subordinated basis by Citicorp.

London clearing banks' balances as at July 18 1984

THE TABLES below provide the first monthly indication of the trends of bank lending and deposits, ahead of the more comprehensive banking and money supply figures published later by the Bank of England.

Table 1: AGGREGATE BALANCES. Table 2: INDIVIDUAL GROUPS OF BANKS' BALANCES. Table 3: INDIVIDUAL GROUPS OF BANKS' ELIGIBLE LIABILITIES.

BIDS AND DEALS

APPOINTMENTS

Tate & Lyle sees Brooke Bond as an 'ideal partner'

BY RAY MAUGHAN

Tate & Lyle, cane sugar refiner, believes that Brooke Bond would make an ideal partner. Launching its \$200m cash and equity offer for the tea and meat extract producer, Tate stressed yesterday that "our two companies have many similarities. We operate in similar markets, through similar distribution channels and serve many of the same customers, particularly in the UK and Canada."

While Brooke was giving a downbeat response to what it sees as a low-key, first sighting shot from Tate, the bidder was certain that "the new group will have strong management and lowest production costs. We have effective marketing, distribution and research for existing and new products. After the acquisition," it says, "we will concentrate on expanding the profitable, high quality food and food-related businesses of both groups."

"We will not be committed to retaining peripheral or low-yielding businesses in either Tate & Lyle or Brooke Bond which do not fit in with this strategy."

Although there is no immediate need for Brooke Bond to reveal results for the year to June 30—the market has been looking for profits of about £70m before tax—Tate shows what it believes is a distinct and favourable earnings and dividends comparison.

The bidder's earnings have increased from 15.8 to 59.5p per share over the period while Brooke Bond has been static at 7.7p per share. Tate's dividends have been raised by 56 per cent over that five-year period with average cover of three times, while its target has covered less than twice a dividend which has been lifted by a third.

Spurred by periodic thoughts of a bid for Tate itself and

STC decides on tactful approach in ICL bid

BY ALEXANDER NICOLL

Standard Telephones and Cables argued yesterday that ICL's shareholders would gain a 90 per cent increase in income by accepting its share offer for the computer maker. It has already indicated that the offer may be increased by more than 5 per cent.

Its formal offer document, however, was marked by a lack of the aggression which might normally be expected when the target company had not given its recommendation to a bid.

"We have a high regard for ICL," said Sir Kenneth Corfield, STC chairman, in the document's introductory letter. The STC camp stressed that a hostile stance would not be in keeping with the spirit of its bid for ICL or with its habitual style.

"We believe that STC and ICL together will be strong enough to meet the challenges of international competition and to exploit the opportunities created by the convergence of computer and telecommunications technologies," Sir Kenneth said.

STC has emphasised that in setting the terms of its offer, it has to balance the benefits of securing a recommendation from ICL's board against the risk of jeopardising the STC's interests by paying too much.

Nevertheless, STC is expected to increase its share offer by more than 5 per cent if an ICL board recommendation is won.

Acceptance of its existing two for seven share offer would give ICL shareholders an increase in capital value of 30 per cent, and the cash alternative would give

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interim or final and the sub-divisions shown below are based mainly on last year's timetable.

Company	Date
Wynid International Investment Trust	Aug 18
Owen and Robinson, Warrinst.	Aug 18
Future Dates	
Interim: Stageco Industries	Aug 20
Highcroft Investment Trust	Sept 3
Robinson Brothers (Ryders)	Green
Scottish Eastern Invest. Trust	Sept 4
Sharp and Fisher	Sept 4
Final:	
AGS Research	Aug 18
Planning Japanese Invest. Trust	Aug 18
MME Facilities	Aug 14
Star Computer	Aug 15
United Packaging	Aug 14

an increase of 26 per cent, STC said.

STC believes it is important that the exchange of information undertaken yesterday should be completed quickly, but has set no deadline. It is anxious to avoid the travails seen after Thorn EMI approached British Aerospace. If it fails to win ICL board agreement, it will leave its bid on the table.

Several questions remain over the proposed combination. According to the offer document, ITC of the U.S. and ICL would not have access to each other's technology.

ITT can appoint three directors to STC's board and has a variety of technology-sharing agreements with its former subsidiary.

If STC is correct in arguing that telecommunications and computer technology are converging, the layman at least may question its ability to keep ICL and STC technology

Chairman of Bowring U.K.

Mr G. A. Cooke chairman and chief executive of C. T. Bowring and Co has been appointed chairman of BOWRING UK following the retirement of Mr Peter Bowring. Mr Bowring has also retired as vice-chairman of Marsh and McLennan Companies Inc but remains a member of the board and a consultant.

Mr James M. Frost CHEMICAL BANK senior vice-president has been appointed UK country manager. He will report to Mr Peter A. Alexander division head—Europe and will also serve as his deputy. Mr Frost has been with Chemical Bank since 1969 and had most recently been responsible for U.S. correspondent banking within the financial institutions group.

GARTMORE INVESTMENT MANAGEMENT has formed of a new associate board to cater for expanding activities. The associate board which will be chaired by Mr Anthony Armitage currently an associate director includes the appointments of Mr A. M. Bulmer Mr P. Briston Mr A. Cragg Mr N. Cobly Mr P. Kennedy and Mr G. Joblin.

Mr G. W. C. (Colin) Mackay has been appointed senior vice-president and general manager Europe, Middle East and Africa, of THE ROYAL BANK OF CANADA. Mr P. J. (Bud) Bessiter, formerly senior vice-president and general manager, UK, Ireland and Nordic Countries, is leaving London after a number of years to become RBC's senior vice-president international trade and correspondent banking in Toronto. Mr R. A. (Bob) Maslack who as senior vice-president and general manager of RBC's Middle East and Africa operations has been based in London is also returning to Toronto as senior vice-president International Banking.

Joining Mr Mackay in London will be Mr Alex de Takacsy who has been appointed senior vice-president international banking—Europe. Mr de Takacsy was previously general manager of RBC's Continental Europe operations based in Paris but these have now been centralised into the bank's London office.

Mr David Watson has become managing director of INQ-PRESS. He succeeds Mr Tony Peck, who now becomes chairman.

Mr Giles Davison, area general

British Land £11m bid for Gripperrods

AN AGREED offer worth £11.25m has been made by the British Land Company for the capital of Gripperrods, the manufacturer of carpet laying fittings and accessories, and home improvement products.

Terms are 450p cash or 450p nominal of 84 per cent loan notes 1987 for each Gripperrods share. On the stock market the shares jumped 21 1/2p to 42 1/2p.

British Land wants Gripperrods to add to its industrial division, which is run by W. Crowther & Sons. The division produces a "useful return" on capital employed after financing costs. In addition to enhancing profits attributable to shareholders, it assists British Land in funding the expansion of its freehold property portfolio.

The directors of British Land believe that Gripperrods has good prospects for growth and will increase the returns from the industrial division as a whole. Gripperrods estimates that profits before tax for the year ended April 27 1984 will be not less than £1.65m and net earnings not less than £900,000.

compared with £911,000 and £302,000 respectively in the previous year. Net tangible assets at April 27 are put at not less than £5.5m.

Backed by their financial advisers Phillips & Drew, the Gripperrods directors recommend the offer to shareholders. The chairman and Trustees of the J. L. H. Cowan Settlement have given irrevocable undertakings to accept in respect of nearly 1.33m shares, some 55 per cent of the capital. British Land did not hold any shares in Gripperrods prior to the offer.

The loan notes that may be issued by British Land will be unsecured, and be repayable at par not earlier than October 6, 1985, on three months' notice at the holders' option. Any outstanding will be redeemed at par on October 6 1987.

British Land owns an extensive portfolio of prime investment and development properties in the UK, rest of Europe, the U.S. and Australia. The major proportion in the UK are situated in the City and West End of London. At March 31 1984 it had gross assets of £474m.

Assoc. Newspapers in £2m disposal

Associated Newspapers has reached conditional agreement for the sale of its wholly owned subsidiary, Maybox, for a cash consideration of £2.6m. Maybox operates four London West End theatres—The Albany, Criterion, Piccadilly and Wyndham.

The disposal is conditional upon finance being raised by an offer for subscription by a new company, Maybox Group, the prospectus of which is expected to be issued shortly.

SIX MONTHS - 1984

Ultramar

GOOD PROFITS FROM INDONESIA AND UK

Extracts from the Chairman's Statement:

'For the six month period to 30th June 1984, on a record turnover of £1,500.0 million, the Ultramar Group had a profit before taxes of £115.8 million, cash flow from operations of £104.5 million and net profit after taxes of £62.8 million.'

'The Group's producing operations in Indonesia and the North Sea gave good profits. The Western Canadian producing division and the marketing operations in California, the UK and the North Eastern United States made minor contributions, but the Eastern Canadian division, the international trading activities and our shipping operations were adversely affected by weak market conditions.'

'Geographically, about 45 per cent of the Group's operating profit was derived from Indonesia and 35 per cent from the UK.'

'The Group's average oil and gas production for the first half from the North Sea, Indonesia, Western Canada and the United States reached an all time high of 24,000 barrels per day of oil and 254.4 million cubic feet per day of gas. Sales of crude oil and petroleum products were 308,300 barrels per day.'

'Our main exploration success in the first half was a gas discovery in UK Block 49/5 in the Southern North Sea in which the Group has a 40 per cent interest and is the Operator. The well reached a total depth of 13,115 feet and three zones were tested, one of which flowed gas at a maximum rate of 39 million cubic feet per day and up to 278 barrels of condensate per day. The results are being evaluated prior to determining plans for further exploration on the prospect.'

'In May 1984, Ultramar and Allied Corporation formed a 50/50 partnership called Unimar Company which launched a successful tender offer for control of Enstar Corporation, a US energy company listed on the New York Stock Exchange. Enstar's principal assets are a 23 1/2 per cent interest in the Indonesian oil and gas exploration and production joint venture, in which both Ultramar and Allied each already hold a 26 1/2 per cent interest; and a US exploration and production operation which at the end of 1983 had reserves of about 25 million barrels of oil equivalent.'

'The acquisition of Enstar conforms with a number of our corporate objectives. It gives us a stake in a significant spread of US producing properties and exploration acreage and increases our overall oil and gas production which at present is not in balance with our refining and marketing activities. At the same time, the additional interest in the Indonesian joint venture will give us greater control over the future of one of our major assets.'

'The Board has declared an increased interim dividend amounting to 3 1/2p per share (1983 3p) on the Ordinary Shares.'

SUMMARY OF FINANCIAL RESULTS

	First Six Months 1984	First Six Months 1983	Year 1983
	£ million	£ million	£ million
Turnover	1,500.0	823.9	2,057.1
Profit on ordinary activities before taxation	115.8	70.2	155.2
Net profit for the period	62.8	47.7	122.1
Cash flow from operations	104.5	60.2	124.5
Capital expenditures	227.3	174.0	306.2
Earnings per share	23.1p	18.6p	46.6p
Ordinary Shares dividends	3.5p	3.0p	8.5p

OPERATING RESULTS

	First Six Months 1984	First Six Months 1983
Sales of oil (barrels per day)	308,300	196,000
Oil refined (barrels per day)	105,900	76,800
Oil produced (barrels per day)	24,000	8,600
Gas produced (thousands of cubic feet per day)	254,400	131,800
Gross wells drilled	110	55
Oil and gas wells completed (in which the Group has varying interests)	71	40

BIDS AND DEALS IN BRIEF

North Sea Assets has signed an agreement with British Steel Corporation for the sale of BSC of its 5 per cent interest in RGC Offshore for £575,000 cash which compares with the current valuation of the holding of £325,000. This increase is equivalent to 457p per NSA per share. NSA has also received over the past year income from its investment in RGC totalling £415,000.

The agreement with BSC is conditional on a separate agreement concerning RGC between BSC, Trafalgar House and one of its subsidiaries not being referred to the Monopolies Commission.

Courtauld's Fisons Common Investment Fund has bid 665,000 ordinary shares in North Sea Assets (5.5 per cent).

The offers by Bridgend Processes to acquire H. Woodward and Sea have become unconditional.

Acceptances have been received for 91.4 per cent of Woodward's ordinary shares (12.2m new ordinary shares and 2.2m deferred ordinary shares). Of the acceptances 6 per cent are for the Bridgend share offer and 84 per cent acceptances are for the cash alternative.

Acceptances have been received for all of the preference share capital.

The Bridgend shares have been admitted to the official list. Dealings in the ordinary shares of Bridgend issued are expected to begin on August 2.

The Bridgend offer for new Woodward's ordinary shares remains open.

Acceptances of the offers by Marchwiel to acquire the whole of the ordinary and deferred share capital of Whatlings have been received in respect of 2.13m new Whatlings ordinary shares and the same number of deferred shares, representing 42.43 per cent.

In addition, holders of options in the Whatlings executive share option scheme have elected to exercise their options and accept the offers in respect of 370,000 new Whatlings ordinary shares and the same number of Whatlings deferred shares.

Accordingly, Marchwiel will own or have received acceptances in respect of 3.63m new Whatlings ordinary and deferred shares representing 60.87 per cent of the issued capital of Whatlings.

Shareholders in De Vere Hotels and Restaurants have voted by a large majority to support the acquisition of their company by Greenall Whitely.

Mr Christopher Hatton, chairman of Greenall, told the meeting that it was a very exciting prospect for the combined hotel group. He was confident of a significant increase in the profits to be earned by De Vere hotels over the next two years.

BANK RETURN

	Wednesday August 8 1984	Increase (+) or Decrease (-) for week
Liabilities	£	£
Capital	14,825,000	+ 3,448,077
Public Deposits	710,081,953	+ 25,618,950
Bankers Deposits	1,817,946,050	+ 55,587,551
Reserve and other Accounts	6,295,103,940	+ 33,455,748
Assets		
Government Securities	472,081,275	+ 128,586,154
Advances & other Accounts	1,067,783,539	+ 503,830,080
Furnished Equipment & other Sec.	4,581,525	+ 5,587,528
Notes	158,167	- 1,172
	2,898,103,940	+ 33,455,748

BANKING DEPARTMENT

	£	£
Liabilities		
Notes issued	15,190,000,000	- 40,000,000
in circulation	12,115,326,478	- 34,448,571
in Banking Department	4,561,578	- 6,007,529
Assets		
Government Debt	11,015,100	-
Other Government Securities	3,139,526,275	- 1,030,799,056
Other Securities	9,949,748,538	+ 990,792,056
	14,104,389,913	- 769,006,950

ISSUE DEPARTMENT

	£	£
Liabilities		
Notes issued	15,190,000,000	- 40,000,000
in circulation	12,115,326,478	- 34,448,571
in Banking Department	4,561,578	- 6,007,529
Assets		
Government Debt	11,015,100	-
Other Government Securities	3,139,526,275	- 1,030,799,056
Other Securities	9,949,748,538	+ 990,792,056
	14,104,389,913	- 769,006,950

CORRECTION NOTICE

GOLD FIELDS GROUP

NEW WITS LIMITED

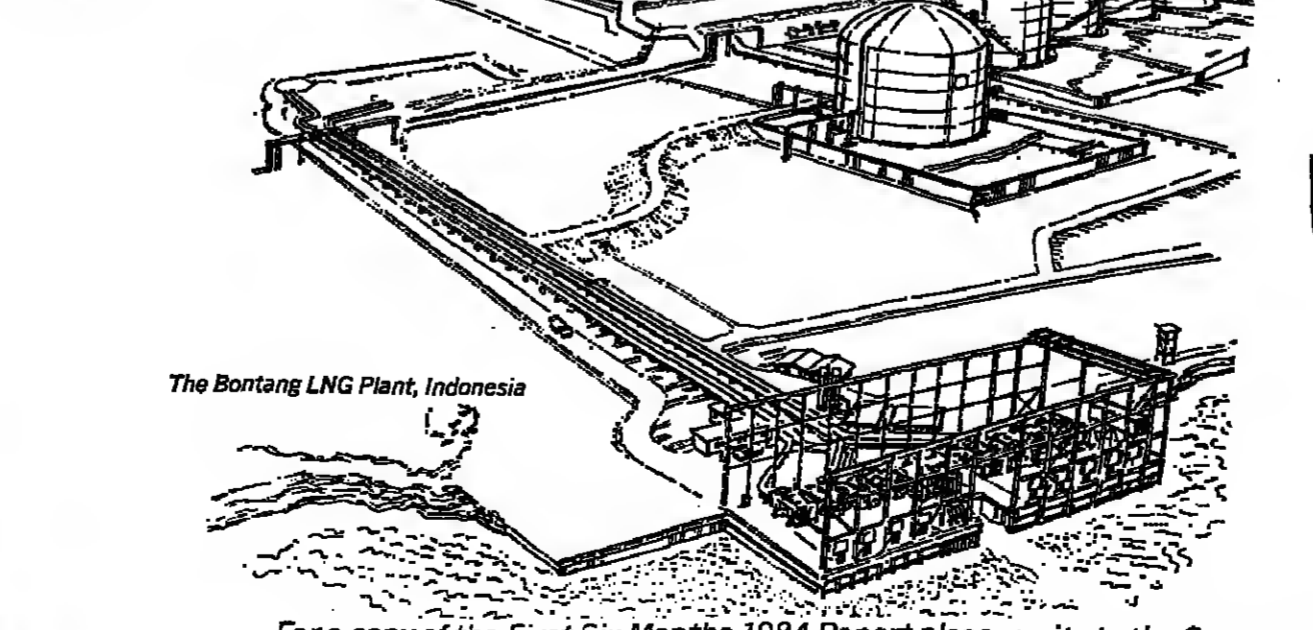
(Incorporated in the Republic of South Africa)

DECLARATION OF FINAL DIVIDEND

Dividend No. 67 of 32 cents per share in respect of the year ended 30 June 1984 has been declared in South African currency, payable to members registered at the close of business on 24 August 1984.

Not as published on 9 August 1984.

ARNOLD LORBER
Chairman
9th August 1984



The Bontang LNG Plant, Indonesia



Ultramar

Morgan House, 1 Angel Court
London EC2R 7AU

For a copy of the First Six Months 1984 Report please write to the Company Secretary at the above address.

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

Table of American Stock Exchange Composite Closing Prices, listing various stocks with columns for 12-month high/low, current price, and change.

Continued on Page 20

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Table of New York Stock Exchange Composite Closing Prices, listing various stocks with columns for 12-month high/low, current price, and change.

ENERGY REVIEW every Wednesday in the Financial Times

WORLD STOCK MARKETS

AUSTRIA

Table with columns: Aug. 9, Price, +/-, Stock names like Creditanstalt, Gessner, Interspan.

GERMANY

Table with columns: Aug. 9, Price, +/-, Stock names like AEG Tele, Allianz, BASF.

BELGIUM/LUXEMBOURG

Table with columns: Aug. 9, Price, +/-, Stock names like ARBED, Belgint A Lux, Belfort.

DENMARK

Table with columns: Aug. 9, Price, +/-, Stock names like Aarhus Oic, Andelsbanken, Bane Bank.

FRANCE

Table with columns: Aug. 9, Price, +/-, Stock names like Emprunt 4 1/2 1981, Emprunt 7 1/2 1980.

CANADA

TORONTO

Table with columns: 12 Month, High, Low, Stock, Div. Yld, P/E, 100s, High, Low, Date, Close, Dg.

GERMANY (continued)

Table with columns: Aug. 9, Price, +/-, Stock names like Daimler-Benz, Hoechst, Mannesmann.

NETHERLANDS

Table with columns: Aug. 9, Price, +/-, Stock names like AEG Holding, AF Holding, AKZO.

FRANCE (continued)

Table with columns: Aug. 9, Price, +/-, Stock names like Air France, Bouygues, Elf.

NORWAY

Table with columns: Aug. 9, Price, +/-, Stock names like Bergan Bank, Boreggaard, Den Norske Bank.

SPAIN

Table with columns: Aug. 8, Price, +/-, Stock names like Banco Bilbao, Banco Central, Banco Exterior.

SWEDEN

Table with columns: Aug. 9, Price, +/-, Stock names like AOA, Alfa Invest, Astra Invest.

SWITZERLAND

Table with columns: Aug. 8, Price, +/-, Stock names like Aluuisse, Bank Leu, Brown Boveri.

AUSTRIA (continued)

Table with columns: Aug. 9, Price, +/-, Stock names like Alpin, Alps Electric, Asea.

AUSTRALIA (continued)

Table with columns: Aug. 9, Price, +/-, Stock names like Den Prod Trust, Harbord, Harrolog Energy.

HONG KONG

Table with columns: Aug. 9, Price, +/-, Stock names like Bank East Asia, China Light, China Resources.

JAPAN (continued)

Table with columns: Aug. 9, Price, +/-, Stock names like Aihonmoto, Alps Electric, Aisa.

AUSTRALIA (continued)

Table with columns: Aug. 9, Price, +/-, Stock names like Den Prod Trust, Harbord, Harrolog Energy.

HONG KONG (continued)

Table with columns: Aug. 9, Price, +/-, Stock names like Bank East Asia, China Light, China Resources.

JAPAN (continued)

Table with columns: Aug. 9, Price, +/-, Stock names like Aihonmoto, Alps Electric, Aisa.

OVER-THE-COUNTER

Table with columns: Stock, High, Low, Last, Dg, Stock, High, Low, Last, Dg.

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Table with columns: Stock, High, Low, Last, Dg, Stock, High, Low, Last, Dg.

OVER-THE-COUNTER

Table with columns: Stock, High, Low, Last, Dg, Stock, High, Low, Last, Dg.

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Table with columns: Stock, High, Low, Last, Dg, Stock, High, Low, Last, Dg.

OVER-THE-COUNTER

Table with columns: Stock, High, Low, Last, Dg, Stock, High, Low, Last, Dg.

LONDON

Chief price changes (in pence unless otherwise indicated)

Table with columns: RISES, FALLS, Stock names like Tr 9 1/2pc 1988, Ex 12 1/2pc 1992.

LONDON (continued)

Table with columns: Stock names like BOC, Bechtel, British Union, etc.

AMERICAN STOCK EXCHANGE CLOSING PRICES

Table with columns: 12 Month, High, Low, Stock, Div. Yld, P/E, 100s, High, Low, Date, Close, Dg.

AMERICAN STOCK EXCHANGE CLOSING PRICES

Table with columns: 12 Month, High, Low, Stock, Div. Yld, P/E, 100s, High, Low, Date, Close, Dg.

ENERGY REVIEW - every Wednesday in the Financial Times

Indifferent response to prospect of another cut soon in base lending rates

Account Dealing Dates
First Declared Last Account
Dealing Date Dealing Day
July 25 Aug 9 Aug 16 Aug 23
Aug 13 Aug 29 Aug 31 Sept 10
Sept 3 Sept 13 Sept 14 Sept 24

FINANCIAL TIMES STOCK INDICES

Table with columns: Index Name, Aug 9, Aug 8, Aug 7, Aug 6, Aug 5, Aug 4, Aug 3, Aug 2, Aug 1, Year Ago. Includes Government Secs, Fixed Interest, Industrial Ord., etc.

HIGHS AND LOWS S.E. ACTIVITY

Table with columns: Index Name, High, Low, High, Low, S.E. Activity. Includes Govt. Secs, Fixed Int., Ind. Ord., Gold Mines.

Stores easier
Once again, leading Stores attracted a fair measure of attention, although actual business rarely matched the level of inquiry.

Footwear counters featured
Allied Leathers Industries which improved 60 to 430, albeit in a limited market, following impressive 15-month figures and the proposed de-merger of the group's shoe repair operations.

Dealers reported a much quieter trade in the Food leaders. Prices tended to fall in the absence of fresh support, but losses were modest.

Third-quarter figures below
most market estimates prompted selling of BOC Group which fell sharply to 21p, down 17. Other miscellaneous industrial leaders traded on a quietly dull note.

Platinums turned easier on
profit-taking. Impala, a firm market in recent days ahead of the preliminary results scheduled for Tuesday, fell away to close a net 3p lower at 200p while Rustenburg dropped 10 to 690p and Lydenburg 25 to 575p.

Australians missed minor
gains across the board but provided omission slumped 5 to 180p low on 47p. Elsewhere, further consideration of the better-than-forecast interim results prompted renewed support for Michael Page up 13 to record a two-day gain of 20 to 185p.

Leading Properties closed a
share easier for choice after a small two-way trade, but secondary issues continued to meet with selective support. United Real and luxury both firmed 5 to 525p and 255p respectively, while Rosehedge gained a similar amount to 512p.

Among Malaysian Tins,
Kamunting continued to reflect hopes of an injection of assets and jumped 25 to a year's high of 450p.

Demand for Traded Options
remained relatively buoyant and today contracts struck amounted to 5,243 comprising 3,599 calls and 1,744 puts.

Shell lost ground
Second-quarter results from Royal Dutch/Shell were at the lower end of market forecasts and both fell away before steadying in after-hours trading.

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Stores easier
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Platinums turned easier on profit-taking. Impala, a firm market in recent days ahead of the preliminary results scheduled for Tuesday, fell away to close a net 3p lower at 200p while Rustenburg dropped 10 to 690p and Lydenburg 25 to 575p.

Australians missed minor gains across the board but provided omission slumped 5 to 180p low on 47p.

Leading Properties closed a share easier for choice after a small two-way trade, but secondary issues continued to meet with selective support.

Among Malaysian Tins, Kamunting continued to reflect hopes of an injection of assets and jumped 25 to a year's high of 450p.

Demand for Traded Options remained relatively buoyant and today contracts struck amounted to 5,243 comprising 3,599 calls and 1,744 puts.

Shell lost ground Second-quarter results from Royal Dutch/Shell were at the lower end of market forecasts and both fell away before steadying in after-hours trading.

Second-quarter results from Royal Dutch/Shell were at the lower end of market forecasts and both fell away before steadying in after-hours trading.

Dealers reported a much quieter trade in the Food leaders. Prices tended to fall in the absence of fresh support, but losses were modest.

Footwear counters featured Allied Leathers Industries which improved 60 to 430, albeit in a limited market, following impressive 15-month figures and the proposed de-merger of the group's shoe repair operations.

Stores easier Once again, leading Stores attracted a fair measure of attention, although actual business rarely matched the level of inquiry.

Table of EQUITIES with columns: Issue Name, Price, Change, etc. Includes Alphaspheric, Anglo-Continental, etc.

Table of FIXED INTEREST STOCKS with columns: Issue Name, Price, Change, etc. Includes Amer. Brands, Cambridge Water, etc.

Table of "RIGHTS" OFFERS with columns: Issue Name, Price, Change, etc. Includes Anvil Pat, Amalgamated, etc.

Renunciation date usually last day for dealing free of stamp duty. Figures based on prospectus estimates.

Table of WEDNESDAY'S ACTIVE STOCKS with columns: Issue Name, Price, Change, etc. Includes Woolworth, BTR, etc.

Table of ACTIVE STOCKS with columns: Issue Name, Price, Change, etc. Includes Chubb, Grand Metropolitan, etc.

Table of OPTIONS with columns: Issue Name, Price, Change, etc. Includes Beecham, Land Sec, etc.

Aug. 9. Total Contracts 8,343. Calls 3,599. Puts 1,744. Underlying security prices.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Table of EQUITY GROUPS & SUB-SECTIONS with columns: Group Name, Index, Change, etc. Includes CAPITAL BONDS, Building Materials, etc.

FIXED INTEREST

Table of AVERAGE GROSS REDEMPTION YIELDS with columns: Index Name, Yield, etc. Includes British Government, etc.

EUROPEAN OPTIONS EXCHANGE

Table of EUROPEAN OPTIONS EXCHANGE with columns: Series, Vol., Aug, Last, etc. Includes GOLD, SILVER, etc.

LONDON TRADED OPTIONS

Table of LONDON TRADED OPTIONS with columns: Option Name, Price, Change, etc. Includes LASMO, Lornho, etc.

FT LONDON SHARE INFORMATION SERVICE

HOTELS - Continued

Table with columns: Stock, Price, % Chg, High, Low, Bid, Offer, YTD % Chg. Includes entries like Holiday Inn, Hilton, etc.

INDUSTRIALS (Miscel.)

Large table of industrial stocks including IAN, ABB, BHP, etc. with columns for stock name, price, change, and YTD performance.

ENGINEERING - Continued

Table of engineering stocks such as BAE Systems, British Aerospace, etc.

DRAPERY & STORES - Cont.

Table of drapery and stores stocks including Debenhams, Next, etc.

BEERS, WINES - Cont.

Table of beer and wine stocks like Carlsberg, Heineken, etc.

AMERICANS

Table of American stocks including IBM, Microsoft, etc.

2 Day Management Training Programme - Time Manager - Stress Manager. Includes logo for time manager international.

BRITISH FUNDS

Table of British funds categorized by duration: Short-term (Lives up to Five Years), Five to Fifteen Years, Over Fifteen Years, Undated, Index-Linked, INT. BANK AND O'CEAS GOVT STERLING ISSUES, CORPORATION LOANS, COMMONWEALTH AND AFRICAN LOANS, LOANS, Public Board and Ind., Financial, FOREIGN BONDS & RAILS.

Small text at the bottom left of the page, possibly a disclaimer or contact information.

INDUSTRIALS—Continued

Table of industrial stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, change, and volume.

LEISURE—Continued

Table of leisure stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, change, and volume.

PROPERTY—Continued

Table of property stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, change, and volume.

INVESTMENT TRUSTS—Cont.

Table of investment trusts including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, change, and volume.

OIL AND GAS—Continued

Table of oil and gas stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, change, and volume.

MOTORS, AIRCRAFT TRADES

Table of motors and aircraft trades stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, change, and volume.

MINES—Continued

Table of mines stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, change, and volume.

INSURANCES

Table of insurance stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, change, and volume.

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AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as Abbey Unit Tr. Mgmt., British Gas Group, and others, with columns for name, manager, and performance metrics.

FT UNIT TRUST INFORMATION SERVICE

Table listing unit trusts under the FT Unit Trust Information Service, including names like Fremington Unit Mgmt. Ltd., Key Fund Managers Ltd., and others.

General Portfolio Life Ins. PLC

Table listing various insurance and financial services, including General Portfolio Life Ins. PLC, City of Westminster Assurance, and others.

F.T. CROSSWORD PUZZLE No. 5488

Crossword puzzle grid with clues and a solution key provided at the bottom.

Table listing various insurance and financial services, including Sun Alliance, Swiss Life, and others.

INSURANCES

Table listing various insurance services, including Sun Alliance, Swiss Life, and others.

INSURANCE, OVERSEAS & MONEY FUNDS

Table listing various insurance and financial products, including Liberty Life Assurance Co Ltd, National Provident Institution, and others, with columns for company name, address, and financial data.

Table listing various insurance and financial products, including Sava & Prager Group, Target Life Assurance Co Ltd, and others, with columns for company name, address, and financial data.

Table listing various insurance and financial products, including GAI Investments (Ib) Ltd, GAI Investments (Bermuda) Ltd, and others, with columns for company name, address, and financial data.

Table listing various insurance and financial products, including Marine Midland (C) Ltd, Strathfield Management Limited, and others, with columns for company name, address, and financial data.

OFFSHORE AND OVERSEAS

Table listing various offshore and overseas financial products, including Acthens Investment Fund SA, Abbey Fund Management Limited, and others, with columns for company name, address, and financial data.

Money Market Trust Funds

Table listing Money Market Trust Funds, including M&G Group, M&G Group, and others, with columns for company name and financial data.

Money Market Bank Accounts

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NOTES

COMMODITIES AND AGRICULTURE

Bearish crop prediction pushes Chicago soybean values down

BY NANCY DUNNE IN WASHINGTON

SOYABEAN futures fell back on the Chicago Board of Trade in early dealings yesterday in the wake of output estimates released Wednesday by private crop forecaster Conrad Leslie.

Copper negotiations urged to bring down output

BY NANCY DUNNE IN WASHINGTON

SENATOR Jake Garn, the influential chairman of the Senate Banking Committee, has asked four Reagan Cabinet members to initiate negotiations with the copper-producing nations to achieve a 10 per cent reduction in copper production.

Large eggs to cost 3p more per dozen

By John Edwards

A RISE in the price of large eggs was announced yesterday by Goldenlay, the egg marketing consortium. Prices of grade one eggs are being raised by 3p a dozen and grade two by 2p.

Malvern displays latest fashion in sheep

Farmer's viewpoint: By John Cherrington

Various attempts have been made to create pure-bred flocks for the lowlands, but so far they have not proved superior to crossbreds.

China may not fulfil grain commitment

PEKING—Signs are growing that China may not fulfil its commitment to buy 3.2m tonnes of U.S. grain this year under a 1981-84 Sino-U.S. grain pact.

Supply fears boost coffee

GROWING CONCERN about supply availability pushed coffee prices higher on the London futures market yesterday.

Sugar falls to 13-year low

WORLD SUGAR values reached new 13-year lows yesterday with London prices falling to their lowest since 1971.

PRICE CHANGES

Table with columns for commodity, unit, and price change. Includes items like Metal, Copper, Tin, and Wheat.

BRITISH COMMODITY PRICES

Table with columns for commodity, unit, and price. Includes items like Silver, Copper, Tin, and Lead.

AMERICAN MARKETS

Table with columns for commodity, unit, and price. Includes items like Sheep, Pigmeat, Potatoes, and Soyabean Meal.

INDICES

Table with columns for index name, date, and value. Includes Dow Jones, S&P 500, and Nikkei.

LONDON OIL

Unaffected by New York, gas oil market opened lower to level of 24.50 pence.

SPOT PRICES

Table with columns for commodity, unit, and price. Includes items like Crude Oil, Arab Light, and Arab Heavy.

GOLD MARKETS

Gold rose \$1 an ounce from Wednesday's close in the London market on Tuesday.

LONDON FUTURES

Table with columns for commodity, unit, and price. Includes items like Gold Bullion, Silver, and Platinum.

EUROPEAN MARKETS

Wheat - (U.S. \$ per cwt) U.S. Two Soft Red Winter Spelt 154.

LEAD

Lead-Morning: Cash 232.5, three months 235.5, six months 238.5.

ZINC

Zinc-Morning: Cash 232.5, three months 235.5, six months 238.5.

WHEAT

Wheat-Morning: Cash 107.00, three months 110.00, six months 113.00.

ALUMINIUM

Aluminium-Morning: Cash 232.5, three months 235.5, six months 238.5.

COTTON

Cotton-Liverpool: Spot and shipping sales amounted to 75 tonnes.

WOOL FUTURES

WOOL FUTURES—Wool—Close in order buyer, seller, business, Auction.

COFFEE

During a fairly active opening commission houses and traders buying encouraged prices of 32-22 to nearby.

SOYABEAN MEAL

The market opened 30-50 lower in initially quiet trading conditions.

SUGAR

LONDON DAILY PRICE—Raw sugar 33.00, refined 33.00.

MEAT/FISH

MEAT COMMISSION—Average fatstock price representative markets.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb. August 23.25, Sept 23.25.

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb. Sept 62.25, Oct 62.25.

SOYABEAN

SOYABEAN 5,000 bu, cents/bu. Sept 62.25, Oct 62.25.

HEATING OIL

HEATING OIL 42,000 U.S. gallons, cents/U.S. gallon.

SOYABEAN MEAL

SOYABEAN MEAL 50,000 lb, cents/lb.

PLATINUM

PLATINUM 500 g, \$/g. Sept 341.3, Oct 341.3.

SPOT PRICES

SPOT PRICES—Chicago local 28.00, (27.50) cents per pound.

INTERNATIONAL CAPITAL MARKETS

Beatrice Foods taps Eurobond market with \$200m issue

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT, IN LONDON

NEW ISSUE activity continued apace in the Eurobond market yesterday with the launch of more than \$500m worth of fixed rate paper despite a generally flat tone to the secondary market.

The largest issue came from Beatrice Foods, which is raising \$200m through a ten-year, 10% per cent bond with warrants to buy the company's equity. Each \$1,000 bond will bear a warrant allowing holders to purchase 27.5 shares at a price of \$36.

Investors may redeem the bonds themselves to pay for the shares which makes this issue akin to a convertible and explains its low coupon. Bankers said they expected its trading pattern to mirror closely the trend of the Beatrice Foods share price.

Yesterday it was quoted at a discount of 2 points from its par issue price. This was well within the total 2 1/2 point fees, but dealers, some of whom were quoting a wider discount, reported little enthusiasm for the paper.

Credit Suisse First Boston is leading the deal alongside Deutsche, Merrill Lynch, Morgan Guaranty, Nomura, Salomon, SBC International and UBS (Securities).

Elsewhere Banque Paribas launched a \$150m, five-year 13 1/4 per cent deal for CSB Overseas Capital, a unit of Florida's Dade County Savings and Loan. The deal which is priced at par has a further tap of \$100m. Co-lead managers are Merrill Lynch, Morgan Brothers and S.G. Warburg.

Banque Paribas also launched a \$75m issue for the French electrical concern Thomson. The two-year, 13 1/4 per cent bonds are priced at par and carry warrants to buy a seven-year issue bearing the same coupon. The warrants, which are priced at \$12.50, proved popular, trading up to about \$15.50 during the afternoon.

In the U.S. the Asian Development Bank launched a \$1bn, 20-year, zero coupon bond at a price of 10 1/4 per cent to give a yield of 11.93. Lead manager is Merrill Lynch. The World Bank is meanwhile raising \$100m through a seven-year, 12% per cent Eurobond priced at 99 1/4 and targeted to investors in the Middle and Far East by lead manager Nomura International.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for August 9.

Table with columns for U.S. DOLLAR, S.W. DOLLAR, and EURO. It lists various international bonds with their respective prices and yields.

Table showing various international bond issues with columns for issue name, amount, and price.

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Financial Times Commercial Law Reports

No 'explosion' by centrifugal disintegration

COMMONWEALTH SMELTING LTD v GUARDIAN ROYAL EXCHANGE ASSURANCE LTD

Queen's Bench Division (Commercial Court): Mr Justice Staughton: July 31 1984

"EXPLOSION" in the context of insurance against loss caused by "fire, lightning or explosion" means a violent, noisy event caused by rapid chemical or nuclear reaction, or the bursting of gas or vapour under pressure, and, in the absence of those factors, the protection does not extend to an event in which revolving machinery breaks into fragments which fly off at great speed causing noise and destruction.

Mr Justice Staughton so held when giving judgment for the defendant insurer, Guardian Royal Exchange Assurance Ltd, in an insurance claim made by the plaintiff company, Commonwealth Smelting Ltd.

The last consisted of a large and heavy impeller made of steel, attached to a shaft from the gearbox and contained in a cast-iron casing. It comprised two parts - the back shroud and the front shroud, with vanes between them. When the blower was working it revolved at 6,715 revolutions per minute.

On the night of August 11 two workers were in the complex, not far from the blower house. One described events as: "I saw a big explosion and the doors blown out first, then I heard the very loud bang."

The other worker heard a loud bang, which he described as an "explosion". Then he saw the doors of the blower house on fire.

The blower had been in operation at the time, but was not actually supplying air to the furnace. After the casualty it was found to be wholly destroyed. The impeller and casing were broken into a number of pieces of varying sizes. There were large holes in the cavity walls of the blower house where metal fragments had struck and broken through.

The mechanism of failure started with a fatigue crack in the front shroud near one of the vanes. In consequence all or part of the front shroud was no longer attached to the shaft. By centrifugal force it would have tended to fly off at a tangent to the circumference of the impeller. As soon as any part of the impeller came into contact with the casing, both impeller and casing were shattered and fragments flew outwards.

That would have happened with considerable force, since the top speed of the impeller was 940 metres per second, near to the speed of sound, at 6,715 revolutions per minute. At such a speed even a small fragment of the impeller, weighing

200 grammes or more, would have fractured the casing.

There was another source of energy within the impeller - the air that it compressed. That would not have caused or contributed to the fracture and disintegration of the impeller.

It was apparent also that air pressure played a significant part in the fracture of the casing. Once the casing was fractured, however, both sources of energy played a part in sending fragments of impeller and casing on their way, and in displacing the doors of the blower house.

The increase in pressure in the blower house, once the casing was fractured, would have exerted a force of nearly 2 tons on each door.

On the evidence, by far the greater part of the available energy came from the impeller, and if one considered only the energy acting on the fragments of casing, virtually all of it came from the impeller.

Succeeding stages of the events occurred at intervals which were so small as to have no practical meaning. Almost the whole of the damage and destruction happened in a quarter of a second from the fracture of the impeller. There would have been a series of separate noises, but they would have been

and were, perceived as one bang. The parties were agreed that "explosion" should be given its ordinary and natural meaning. A number of dictionary meanings were put before the court. Oxford English Dictionary (1888); Shorter Oxford English Dictionary (1973); Webster's Third New International Dictionary (1961); The New Encyclopaedia Britannica (1974); Chambers Twentieth Century (1973); Webster's Complete Dictionary of the English Language (1864); Wild's Universal Dictionary of the English Language (1932).

It was apparent that "explosion" might have different shades of meaning according to its context. The workers in the present case both perceived an explosion, and used the word correctly for the purpose of relating to others what they saw and heard. They were using it in the sense of the Oxford English Dictionary ("the action of driving out or being driven forth with violence and noise") or Wild ("... loud, violent noise...").

The court, however, was concerned with the meaning of "explosion" as one of the perils covered by a policy of insurance. In that context it was proper to pay more attention to the cause of a particular event, than to what it looked or

sounded like to an observer some yards away. The perils of a policy of insurance were an attempt to define certain causes of loss. Furthermore, the two policies used "explosion" in conjunction with "fire and lightning". In Young v Sun Alliance (1977) 1 WLR 104 the Court of Appeal held that "fire" in an insurance policy should be construed in the light of its association with "storm and tempest". That approach was adopted in the present case, though it might give minimal assistance.

In the policies "explosion" was used to describe the kind of catastrophic described in Webster (1961) and Encyclopaedia Britannica - an event which was violent, noisy and caused by a very rapid chemical or nuclear reaction, or the bursting out of gas or vapour under pressure.

The damage and destruction in the present case was not so caused; or at any rate, explosion in that sense was not the predominant cause. It was centrifugal disintegration.

Accordingly, the claim failed. For the insured company: Adrian Hamilton QC and Angus Glennie (Ince and Co). For the defendant: Patrick Twigg (Herbert Smith & Co).

Table titled 'WEEKLY U.S. BOND YIELDS (%)' showing yields for various corporate and government bonds.

HIS LORDSHIP said that company operated a smelting complex at Avonmouth near Bristol. It was insured as to 23.5 per cent by Guardian on each of two policies of insurance. One covered destruction or damage to buildings, machinery and plant by "fire, lightning or explosion," and the other covered consequential loss.

On the night of August 11 two workers were in the complex, not far from the blower house. One described events as: "I saw a big explosion and the doors blown out first, then I heard the very loud bang."

and were, perceived as one bang. The parties were agreed that "explosion" should be given its ordinary and natural meaning.

OVER-THE-COUNTER

Table of stock prices for various companies, including MonCo, Amstar, and others.

Table of stock prices for various companies, including SFE, SP Drug, and others.

Table of stock prices for various companies, including Vaco, Vaco, and others.

Table titled 'NEW YORK DOW JONES' showing index values for various sectors.

Table titled 'STANDARD AND POORS' showing index values for various sectors.

Table titled 'NEW YORK ACTIVE STOCKS' showing prices for various active stocks.

Indices

Table showing various international indices including Australia, Austria, Belgium, Denmark, France, Germany, Hong Kong, Italy, Japan, Netherlands, Norway, Singapore, South Africa, Spain, Sweden, Switzerland, and World Capital Int'l.